

**Board of County Commissioners  
Leon County, Florida**

**Workshop on the Leon County Research and Development  
Authority**

**February 9, 2010  
11:30 a.m. – 1:00 p.m.**

**Leon County Board of County Commission Chambers  
Leon County Courthouse, 5<sup>th</sup> Floor**

# **Board of County Commissioners**

## **Workshop Item**

Date of Meeting: February 9, 2010

Date Submitted: February 3, 2010

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator  
Vincent Long, Deputy County Administrator  
Ken Morris, Director of Legislative Affairs and Economic Development

Subject: Workshop on the Leon County Research and Development Authority

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### **Statement of Issue:**

This agenda item provides the Board an update on the Leon County Research and Development Authority.

### **Background:**

At the October 27, 2009 Board meeting, staff was given direction to schedule a workshop on Leon County's Research and Development Authority (Innovation Park). The Board also directed then-Chairman Desloge to gather and submit a series of questions from Commissioners to be addressed by Innovation Park officials at the December 8, 2009 workshop. The December 8, 2009 workshop was rescheduled for February 9, 2010 due to a scheduling conflict.

### **Analysis:**

On November 24, 2009, Innovation Park submitted its responses to the 15 questions posed by the Board (Attachment #1). Innovation Park also submitted its FY 09 annual report for Board consideration which includes its strategic plan, five year capital improvement plan, and economic impact report (Attachment #2). Subsequently, Chairman Rackleff submitted an additional 17 administrative and financial questions to Innovation Park (Attachment #3). Officials from Innovation Park will make a presentation to the Board at the workshop and will be available for any questions the Board may have about the Leon County Research and Development Authority.

### **Options:**

1. Accept the update on the Leon County Research and Development Authority.
2. Do not accept the update on the Leon County Research and Development Authority.
3. Board Direction.

### **Recommendation:**



Option # 1.

**Attachments:**

1. Leon County Research and Development Authority responses to Board questions.
2. Leon County Research and Development Authority's FY 09 Annual Report.
3. Leon County Research and Development Authority responses to subsequent questions posed by Chairman Rackleff.

PA/VL/KM




# BOARD OF COUNTY COMMISSIONERS

## MEMORANDUM

**DATE:** February 8, 2010

**TO:** The Honorable Leon County Board of County Commissioners

**FROM:** Parwez Alam, County Administrator 

**SUBJECT:** Condensed Information for Innovation Park Workshop, Attachment #3

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Per the Chairman's request, below is a condensed version of the questions and responses for Attachment #3 of the Innovation Park Workshop contained in your workshop packet.

### Administrative

1. What is the salary of the Executive Director, including retirement, Social Security, Worker Compensation, and health insurance expenses? **\$104,439-salary, \$10,287- retirement (FRS), \$6,527-Social Security, \$1,796-Workers Comp., \$4,796-health insurance.**
2. What are the terms of the benefits provided to the Executive Director, such as the terms of the retirement plan and health insurance plan? **Health insurance is provided through the County's plan. Retirement is provided through the Florida Retirement System.**
3. Please provide job descriptions for the Executive Director and other staff. If any staff serve under employment contracts, please provide them also. **As requested, job descriptions have been attached in Tab #1. At this time, there are no employment contracts.**
4. When was the Authority's legal counsel selected and by what process, such as competitive bidding? **The Messer, Caparello & Self Law Firm has been representing the Authority since its inception in 1980. Innovation Park staff was unable to identify a specific process in which the legal counsel was selected at that time.**
5. Please provide the current contract for legal services, including specific duties and responsibilities. **There is no contract. The firm handles the general representation of the Authority; this includes contracts, leases, and litigation. They also assist with negotiations, render opinions, and attend monthly board meetings under the direction of the Authority.**
6. What is the legal counsel's hourly rate? **\$200-\$250/hr**
7. The Salter/Mitchell firm receives \$60,000 FY 2009-10. What specific tasks did Salter/Mitchell perform in 2008-09 and what will be expected in 2009-10? **In 2008-09, three main goals were established in the marketing plan including:**
  - 1) Attract new tenants
  - 2) Develop networks between tenants, universities, and the private sector
  - 3) Promote Park through tenants.**All media exposure, copies of events planned, marketing materials including monthly reports, summaries of news media acquired throughout the year, park news letters, and tenant surveys from 2008-09 have been provided. See Tab #2 for full marketing plan. 2009-10 marketing objectives are being developed.**

8. When was Salter/Mitchell selected by the Authority and by what process, such as competitive bidding? **Salter/Mitchell was selected competitively in October 2002 with annual renewals through 2009.**

9. Please provide a breakdown of the Authority's insurance costs for 2009-10 by policy, provider and annual amounts. **See attached breakdown in Tab #3 reaching a total cost of \$75,529.66 shared between the Authority and Florida State as a tenant.**

10. When were the Authority's current insurance providers selected and by what process, such as competitive bidding? **The Franklin firm was selected by competitive bidding in October 2009. See Tab #3.**

11. Were insurance brokers used and, if so, what were they paid? **No**

#### **Financial**

12. Please provide a balance sheet for the current year and previous four fiscal years. **The audited financial statements for the current year have not been completed. See Tab #4 for 2008, Tab #5 for 2007 and Tab #6 for 2006.**

13. The current budget projects a net loss of \$447,111, following the previous year's loss of \$216,326. What were net results for the previous three budget years? **Below is the total changes in assets, net of depreciation. Please see the attached financial statements in Tabs # 4-6 for additional information.**

**2005-2006: \$565,416**

**2006-2007: \$443,015**

**2007-2008: \$421,328**

14. What accounts for these losses, including the 12 percent decrease in rental income from last fiscal year to this? **Depreciation, vacancies & renovations to accommodate the technology incubator.**

15. In this and four succeeding fiscal years, the Authority projects a total contribution of \$1.15 million for the capital reserve fund. Yet reserves decreased by \$597,751 (14.4 percent) in the last year, rental income has declined, administrative expenses continue to comprise 37.5 percent of the Authority's operating budget. Where will contributions to the capital reserve fund come from in the next five years? **Contributions will come from cash on hand and income.**

16. Have any long-term lease agreements been originated or renewed in the last three fiscal years, and what were the terms? **Avalanche Partnership (2008 land lease), Danfoss Turbocor Compressors, Inc. (2006 land and building lease tenant recruitment), FL-DEP (2007 15yr land and building lease), FL-DOACS (2007 15yr land and building lease), FL-DOT Structural Research Lab (2007 15yr land and building lease).**

17. Please provide us with annual financial audits for the past three fiscal years. **Attached in Tabs 4-6.**

cc: Vincent Long, Deputy County Administrator

Ken Morris, Director of Legislative Affairs and Economic Development

# **Board of County Commissioners Leon County, Florida**

## **Workshop on the Leon County Research and Development Authority**

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## County Commission Questions for the Leon County Research and Development Authority November 2009

1. What is the space availability and goal (actual square foot or percentage of total) for high-tech business presence in the park? What is the plan for achieving this goal?

The park has 18 buildings totaling 1.2 million square feet of research and development (office, lab, technology production) space completed or in planning. There are 60 acres in the park available for development that would accommodate approximately 600,000 square feet.

The Authority is working closely with the EDC and others to recruit firms to the region. They have also developed several programs to assist local entrepreneurial efforts.

2. Is there a map that visually shows the park's space utilization by different entities (FSU, FAMU, City, County, Private Company, etc.)?

There is a map included in packet that shows the buildings by ownership.

3. What is the percentage "ownership" or "voting/Control" by different entities (FSU, FAMU, City, County, Private Company, etc.)?

The Board of Governors of the Authority is comprised of nine (9) members. Each member has one vote. Each affiliated university president (or designee) is a member by state statute.

By the same statute, the Board of County Commissioners appoints the other seven (7) members for four year terms. By a county ordinance, those seven (7) include: the president of TCC (or designee), the mayor (or designee), the county chairperson (or designee) and four local business representatives.



4. What is Innovation Park's mission statement and how often is it re-visited?

The mission statement taken from the enabling legislation (FL ST 159.701) is part of the Authority's strategic plan and reviewed annually.

"The mission of the Leon County Research and Development Authority is to promote scientific research and development, foster economic development, broaden the economic base of Leon County, and finance capital projects, in affiliation with the institutions of higher education."

5. What's the Authority doing to foster entrepreneurialism?

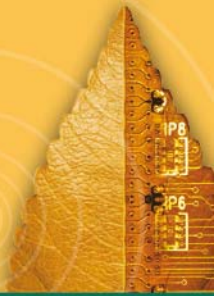
The Authority has developed several programs and works in partnership with numerous economic development organizations. This includes the Technology Commercialization Grant Program, the Technology Incubator at Innovation Park, sponsoring BRITE Idea Invention Camp, working with SCORE, the EDC, FAMU SBDC, TalTech Alliance, Florida's Great Northwest and initiating and hosting a variety of workshops, seminars and networking opportunities.

6. Describe the ongoing plans to leverage ongoing research at the High Performance Materials Institute into manufacturing opportunities (i.e. the work on Bucky Paper)

The park newsletter, website and other marketing materials contain information on all of the research activities at the park. These materials are used by the Authority and the EDC to recruit and promote relationships within the industry. In addition, the Authority awarded Transformational Technologies Innovations, Inc., a Bucky Paper spin-off, a Technology Commercialization Grant in 2008.

7. Some have characterized the Authority as little more than a property management outfit. Is that a fair assessment? If not, why not?

The Authority considers itself an economic development organization that is self funded through its' real estate development operations. The Authority leverages its land and funds to promote economic development activities in Leon County. Two of the county's largest technology firms Danfoss Turbocor Inc. and Elbit Systems of America, Inc. are located here as a result of these efforts.



8. What is the capacity of current staff and leadership to focus on business development?

The Authority has two full-time employees and one part-time property maintenance supervisor. In addition, the Authority contracts for assistance with marketing and public relations efforts. The executive director spends most of her time on the development activities at the research park and the Technology Incubator. In addition, the executive director is actively involved in the state and national incubator and research park associations and has recently attended the National Business Incubator Association (NBIA) Training Institute for certification as an incubator manager.

9. Describe any ongoing plans to collaborate more closely with FSU, FAMU, TCC, and the State of Florida to expand business and recruit companies to the Park.

The Authority and the FAMU SBDC currently co-manage the Incubator at Innovation Park. This was started as a pilot program in space contributed by the Authority. Together, they are interested in exploring with other partners opportunities for expanding the program to serve others locations within the region.

10. What relationship does the Authority want and expect from/with the county?

The Authority is considered a dependent district of the county. Its members wish to continue serving the citizens of the county by assisting with technology related economic development projects. They have limited funds and would welcome the county's support in these efforts.

11. What are the total assets of the Authority?

The Authority has an annual budget of approximately \$1 million dollars, with assets of \$18 million in buildings and cash. The Authority has \$4 million in cash, half of which is reserved for building maintenance.





12. Where does the Authority see itself in 5 or 10 years? What will it take to get there?

The national average for building additions in research parks is approximately 30,000 square feet/year. This is based on the fact that research parks limit occupancy to technology related organizations.

To date, Innovation Park has developed slightly faster than that figure at 40,000 square feet/year. Given these numbers, build out for the current park would be in 15 years. At that time, some of the older buildings will be near the end of their economic usefulness and there will be opportunities for redevelopment.

However, the Authority is looking at options for expanding. Two of Florida's other research park Authority's have established second locations with assistance in the land acquisition process.

13. How much vacant land is available for development at this time?

There are 60 acres in the park and an additional 12 acres outside the park available for development.

14. What are the next phased plans when the park is build out?

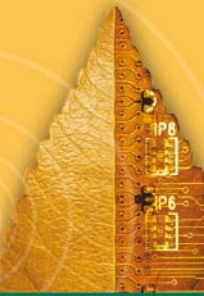
The Authority is updating its master plan and this is an issue they are currently discussing.

15. What do you need to succeed?

1. Community support and partnerships to expand and develop a cohesive robust community incubator program
2. A speculative commercial building in the park for recruitment of industry
3. Land to expand
4. Assistance/partnerships on grants for energy efficient upgrades to existing buildings.
5. Widening of Orange Ave. to improve access to the park.



**INNOVATION PARK**  
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**LEON COUNTY  
BOARD OF COUNTY COMMISSIONERS  
INNOVATION PARK PRESENTATION**

**Prepared By:  
Leon County Research and Development Authority  
December 8, 2009**



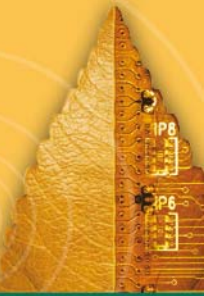
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# INNOVATION PARK

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## 2008-2009 Year in Review

Promoting Scientific Research and Development,  
Broadening the Economic Base of Leon County





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## 2008-2009 Leon County Research and Development Authority Members

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*Chair*

Mr. Thomas Barron  
Capital City Bank

*Vice Chair*

Dr. William "Bill" Law  
Tallahassee Community College

*Secretary/Treasurer*

Ms. Carrie Blanchard  
City of Tallahassee

Mr. Ray Eaton  
E Group Systems

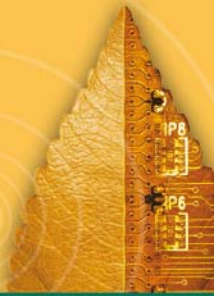
Mr. Joel Friederich  
Elbit Systems of America

Mr. Bill J. Hebrock  
Hebrock Steiner, Inc.

Dr. Fred Leysieffer  
Florida State University

Honorable Bryan Desloge  
Leon County Commission

Dr. Larry Robinson  
Florida A&M University



## Mission and Goals

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For the last 12 months, the Authority has been implementing a strategic plan for Innovation Park that is focused on generating additional jobs and economic development projects for Leon County. The Authority's plan, which extends through October 2010, is three-fold - To "Strengthen, Grow and Sell (Recruit for) Innovation Park" based on its mission for Leon County.

### Mission

The mission of the Leon County Research and Development Authority (LCRDA) is to work in affiliation with Florida A&M University and Florida State University to promote scientific research and development activities, and to foster economic development and broaden the economic base of Leon County.

**Goal 1: The LCRDA shall support and promote Innovation Park as a statewide and nationally recognized center for creative research and applied technology.**

**Goal 2: The LCRDA shall maintain and develop funding sources to support the mission and goals of the Authority.**

**Goal 3: The LCRDA shall promote, support and facilitate applied technology research and development at Florida State University and Florida A&M University.**

**Goal 4: The LCRDA shall fully develop the technology incubator program to support university technology spin-offs, private start-up businesses and expanding small businesses.**

**Goal 5: The LCRDA shall take a community leadership role in the research and development field to broaden the economic base of Leon County.**



## Economic Development

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Innovation Park is Leon County's premier economic development project. Since implementing its annual Technology Commercialization Grant Program five years ago, the Authority has awarded more than \$200,000 in grants to 12 local technology-related companies. Each were chosen for growth potential, job creation and commercial success through the development of a wide-range of innovative products and services.

### Innovation Park Technology Commercialization Grant Program

In 2009, three local companies each received \$15,000 grant awards from the Authority to expand its research-based product and/or service into the commercial arena. The winning proposals were chosen based on specific criteria established by the Authority to determine if the technology-related product or service has commercial potential and the ability to create jobs in Leon County.



The 2009 Innovation Park Technology Commercialization Grant Awards Ceremony:  
(l-r) Ray Eaton, LCRDA Member; Richard Benham, 2009 Grant award recipient; Greg Dudley, 2009 Grant award recipient; Linda NicholSEN, Innovation Park Executive Director; Tom Barron, LCRDA Chairman; Carrie Blanchard, LCRDA Secretary/Treasurer.

Not pictured, Gustav Ray, 2009 Grant award recipient.

An overview of each company and its product is on the next page.



# INNOVATION PARK

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## 2009 Technology Commercialization Grant Winners

Elections by the People was established this year to improve the accuracy, security, and integrity of U.S. elections by developing a new and technically advanced voting system that combines the desirable features of a computer based touch-screen system with the reliability of a 100 percent voter- verified paper ballot.

"This is a novel approach that solves many of the problems inherent in voting systems used today," says Richard Benham, executive director of the Elections by the People Foundation. "We believe our non-profit organization and commitment to open source development will restore trust among voters while lowering the cost of operations for state and local officials."

According to Benham, the Foundation is planning to use the grant funds to extend its concept and prototype.

Baycom Diagnostics, Inc. has developed a cost effective diagnostic kit for monitoring and testing feline and canine diabetes. Currently, veterinarians use hand-held glucose meters to test cats and dogs for the potential of diabetes. These meters are a critical part of human diabetes management and often do not work well with small animals. The company's president says veterinarians could administer Baycom's product in a simple, easy test once every 90 days to get an accurate measurement.

Gustav Ray, president and CEO of Baycom Diagnostics, says the company has operated in a virtual location to conserve costs and will use the grant dollars to establish a corporate office, finalize the product's packaging and design, fund any legal fees, and conduct the necessary Beta testing of the product.

Florida Custom Synthesis, Inc. (FCS) is an organic chemistry company in Tallahassee that serves Florida's emerging biotech industry. Organic chemistry is a critical component of health care and medical research, yet its expertise is not widely available. FCS offers such expertise in the form of consulting, exploratory research, and delivery of premium synthesis of organic compounds needed for the drug discovery process. Companies like FCS have been successful in biotech hotbeds such as California and Massachusetts; the recent influx of biotech companies into Florida creates a growing statewide demand for the services that FCS provides.

"Establishing our business in Tallahassee will support the rapid growth and development of Florida's biotech industry, while creating highly skilled jobs in Leon County." says Gregory B. Dudley, founder of Florida Custom Synthesis, Inc.

## Past Award Recipients - Technology Commercialization Grant

Since 2005, the Authority has awarded 14 grants to technology-related businesses. All but two of the grant recipients continue to operate their companies in Leon County.





## Strengthening Innovation Park

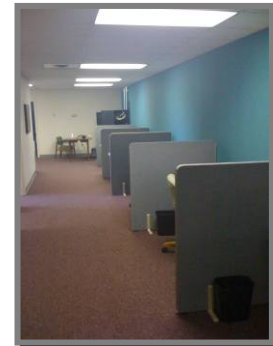
Innovation Park has 16 buildings, including eight which are owned by the Authority. There are approximately 50 organizations located in the park employing more than 2,000 citizens. The Authority's annual operating budget is \$1.1 million, with assets totaling \$18.7 million. The Authority is self-funded through its operations.

In 2009, nearly \$20 million in construction projects at the park were completed, including improvements to the park's amenities and infrastructure, as well as the remodeling and renovation of several buildings.

Other construction projects and improvements at the park include the following:

### Incubator Expansion Renovations

The Authority recently completed renovations to expand the incubator space in the Sliger building to accommodate more small companies. The space includes cubicles and offices available through flexible lease options. In addition, broadband internet access was installed in the space.



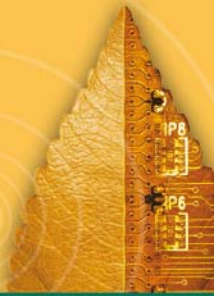
### Star Metro Expanded Services



In August 2009, Star Metro expanded services inside Innovation Park after receiving insight and feedback from park tenants interested in public transportation. There are now stops for Star Metro bus service around Paul Dirac. Last October, the Authority partnered with Star Metro staff to survey park tenants and employees to gauge support and feedback for the proposed bus route inside the park. Nearly 80-percent of the people who completed the survey were interested in the bus service.

### Other Projects:

- FSU Materials Research Building - New \$17 million facility completed
- Johnson Building –Energy efficient lighting retrofits
- Collins and Phipps Buildings - Interior/Exterior upgrades
- Centennial Building - Upgrades to accommodate research projects



## Growing Innovation Park

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### The Incubator at Innovation Park

The Incubator at Innovation Park is a public partnership between the Leon County Research and Development Authority and the Small Business Development Center (SBDC) at Florida A&M University to create a business environment that fosters financially successful, high-quality companies.



The mission of the Incubator at Innovation Park is to stimulate economic growth in the Capital region by assisting emerging technology-related companies during the critical start-up phase of development. Its goal is to provide incubator clients with resources, “hands-on” assistance and a variety of business development services to help accelerate growth.

Since its inception in 2007, the Incubator has housed six start-up companies and assisted several others virtually.

### 2009 Incubator Client Profiles

#### **NTB Technologies and Associates**

NTB is an integrated network of machine fabrication, materials processing and research design companies with capabilities in proto model, test bed model, and miniaturization of sensor electronics, power systems, GC-MASS Spectrometry Systems, Energy Production, non invasive sensor and medical monitoring systems, and space/defense hardware.

#### **Team Simulations, LLC**

Team Simulations, LLC, is a Florida based company providing simulation software and associated technical support to government and business clients worldwide. They specialize in bringing organizations hands-on learning exercises for planning and responding in times of unprecedented change.

#### **DiscovRx, LLC**

DiscovRx, LLC is a pharmaceutical start-up company established in 2005. Karunya Kandimalla, R&D President of DiscovRx, is a professor at the Florida A&M University School of Pharmacy.

#### **Green Phosphor, LLC**

Green Phosphor has created a patent-pending data exploration gateway called Glasshouse, which allows teams of people to explore data residing within data warehouses, databases, and spreadsheets. Users can navigate structured data via an intuitive 3-D interface, while benefiting from the rich collaborative experience offered by virtual world technology.



# INNOVATION PARK

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## Selling Innovation Park

### Increasing Exposure to Target Industries/Decision-Makers

To attract and recruit companies to Innovation Park, the Authority took a leadership role and exposed the park, its tenants and partners to key decision makers, federal agencies, small business grant funders and members of the Florida Business Incubation Association. The result is increased awareness of Leon County's R&D community on the state and national level.

**BUILD YOUR DREAM FACILITY**

- ✓ High Tech R&D
- ✓ Permit Ready

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(850)575-0343 | WWW.INNOVATION-PARK.COM

Innovation Park staff frequently conducts and hosts seminars, programs and presentations for area business groups, entrepreneurs, researchers and university faculty/staff to develop partnerships and identify opportunities to boost economic development in Leon County.

In 2009, several tenant events supported by the Authority attracted Congressman Allen Boyd and Governor Charlie Crist to Innovation Park.







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Below is an overview of other activities the Authority participated in to gain new insight and leads to attract new businesses to Innovation Park:

**Florida Business Incubation Association Annual Meeting** – The annual meeting of this organization provided Innovation Park staff with the opportunity to discuss the state of incubation in Florida and to learn best practices to implement here. The Authority is a member of this organization, which provides regular updates from member incubators around Florida and the opportunity to network. Staff from the SBDC at FAMU also attended.

**AURP Annual Conference** – The Association for University Research Parks held its annual meeting in Florida last November, offering Innovation Park staff the opportunity to meet with other research park directors and leaders from around the world to learn best practices. Innovation Park has been featured in the AURP e-newsletter for the Technology Commercialization Grant Program. Innovation Park has been a member of AURP since 1987.

**National Business Incubator Association Conference** – Held in Kansas City, park staff used this opportunity to take classes for certification in Incubator Management.

**ENERGY**  
at Innovation Park

A growing research and development cluster advancing technologies for power generation and transmission, Innovation Park is a publicly owned research and development center located between two major research universities, and supported by both state and local government. Researchers from around the world work in a synergistic environment to create new technologies for energy, spanning fields including power semiconductor, novel materials, superconductivity, fusion and plasma, and advanced computation.

Innovation Park is affiliated with Florida State University and Florida A&M University, who share space with private companies and government agencies in the 208 acre park. Of Innovation Park's 208 acres, 60 are available for immediate development, with 17 and power infrastructure already in place. The National High Magnetic Field Laboratory, located in Innovation Park since 1996, attracts thousands of world class engineers and researchers every year, serving as the hub for a research cluster that is responding to meet national needs for better power generation and transmission technology.

**Premier Energy Tenants**

**Center for Advanced Power Systems** is a joint venture of Florida State University, the FAMU FSU College of Engineering and the National High Magnetic Field Laboratory focused on advanced power technologies with emphasis on transportation systems and traditional utility systems. The center is developing an academic-industrial consortium focused on the application of recent advances in power semiconductor, materials, advanced controls and superconductivity to advanced power system technologies.

The **Center for Plasma Science and Technology (CPST)** is housed in the Department of Physics at Florida A&M University. In its newly renovated and expanded facility in Tallahassee's Innovation Park, the Center is home to a highly successful team of faculty, students and researchers dedicated to the new science and new applications of theoretical, experimental, and computational Plasma Physics. The center is the flagship of FAMU's commitment to comprehensive research excellence with technological impact. The center conducts fusion and plasma research for alternative power, and advanced computational research in support of plasmas and photonics physics.

Florida State University Applied Superconductivity Center exists to advance the science and technology of superconductivity applications, investigating low temperature and high temperature materials through research grants and collaborations with other universities, national laboratories and industry. Funding includes grants from the U.S. Department of Energy (Energy Efficiency and Renewable Energy Superconductivity Partnership Initiative), and the U.S. Department of Energy / Parker Energy Sciences Program.

Innovation Park currently employs more than 2,000 people in over one million square feet of office space. Over 150 organizations are established within the Park. For a current list of Park tenants please visit our Web site at [www.innovation-park.com](http://www.innovation-park.com). For additional information about Innovation Park, please call (850) 575-0343 or send an email to [info@inn-park.com](mailto:info@inn-park.com).

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(850) 575-0343 | [www.innovation-park.com](http://www.innovation-park.com)

## Target Industry Recruitment

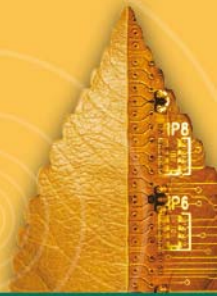
The Authority is a partner in the Tallahassee-Leon County Economic Development Council's (EDC) Project Tomorrow initiative to recruit new companies to this community. To ensure that Innovation Park is highlighted as a premier location for potential businesses, the Authority worked with the EDC to develop marketing materials about Innovation Park to include in proposals that are now submitted electronically per industry standards. The marketing materials target specific industries, which may find synergy and partnerships with the existing tenants. These areas include Manufacturing, Information Technology, Life Sciences and Energy.

These materials allow the EDC to customize its electronic proposals based on the needs of the potential company interested in re-located or building in Leon County.



# INNOVATION PARK

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## Marketing/Public Relations

The Authority and Innovation Park staff worked with its public relations team and the tenants to identify opportunities to secure paid advertising in target publications, and to generate story placements that promote the research park.

### Florida Trend Ad – June 2009



## Innovation Park in the News

### January 2009 - Grants help get tech to market

By Dave Hodges, *Tallahassee Democrat*

Local entrepreneurs and researchers with a product or service for the commercial market can apply for the Leon County Research and Development Authority's [Innovation Park](#) Technology Commercialization Grants program.

### February 2009 - FSU opens cutting-edge research building

*Tallahassee Democrat* online

Florida State University has unveiled what it hopes is only the first in a series of new, state-of-the-art facilities at [Innovation Park](#).



# INNOVATION PARK

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## **February 2009 - Tallahassee officials hope to lure company to Tallahassee**

By Jeff Burlew, *Tallahassee Democrat*

A company that produces medical devices is considering setting up shop in Tallahassee, and if the deal goes through, it would bring an expected 250 jobs over five years paying an average of \$45,000 a year...If approved by local government, both the city and county would pay a little more than \$2.8 million. [Innovation Park](#) would pay \$2 million, which includes the land, and construction business Sperry and Associates would pay \$500,000.

## **April 2009 - Tallahassee company participates in Nat'l Walk @ Work Day**

By Will Brown, *Tallahassee Democrat*

Susanne Stephens and Kathy Adderley sprinted the last few meters, their legs churning like pistons, their lungs filled with Tallahassee's warm spring air. Stephens and Adderley were among the 280 employees within the Tallahassee operations of Elbit Systems of America to participate in the third annual National Walk @ Lunch Day, which is the last Wednesday in April...The ladies said the sprinting at the end was a joke, as they wanted their colleagues to believe they ran the entire mile around [Innovation Park](#) on their lunch break.

## **May 2009 - Panel to weigh market potential of FSU research projects**

By Dave Hodges, *Business Matters*

The FSU Office of Research will review this morning the latest candidates for the university's Grant Assistant Program, which offers funds to help commercialize technology derived from the latest applied research... Today's GAP meeting in [Innovation Park](#) is the latest in a competition held every six months to allocate the funding based on proposals submitted by the FSU researchers. A total of six proposals are expected to be presented this morning.

## **May 2009 - FAMU pitches fusion-energy project**

By Doug Blackburn, *Tallahassee Democrat*

Joseph Johnson III went from soft-sell to harder-sell in a matter of minutes Tuesday morning. Johnson, director of Florida A&M University's Center for Plasma Science and Technology, believes his team may hold the keys to the nation's energy dilemma...Now the university needs an additional \$10 million - \$11 million to fund the project, Johnson told Congressman Allen Boyd (D-Monticello), who was touring the facility in the Centennial Building at [Innovation Park](#).

## **May 2009 - FAMU Research in Physics Hopes to Uncover New Energy Source**

WCTV-TV Channel 6 CBS

According to science researchers at Florida A&M University (FAMU) Center for Plasma Science and Technology (CePaST) in [Innovation Park](#), our national security is in jeopardy unless we develop new energy sources. The planet is at risk of CO2 suffocation unless we discover clean energy alternatives, which is the focus of a new research project at FAMU.

## **June 2009 - Firms awarded technology commercialization grants**

By Dave Hodges, *Tallahassee Democrat*

An organic-chemistry firm, a medical-testing business and a nonprofit foundation developing a new voting system were the recipients Tuesday of the 2009 Technology Commercialization Grants, presented by the [Leon County Research and Development Authority](#).





# INNOVATION PARK

A RESEARCH AND DEVELOPMENT CENTRE



## June 2009 - Mag Lab a lunchtime hot spot: Inaugural tour draws about 100 residents to center

By Reginald Alceus, *Tallahassee Democrat*

The National High Magnetic Field Laboratory staff witnessed a resounding turnout during its first luncheon tour Wednesday. About 100 visitors of every age and background toured the facilities inside **Innovation Park**, 1800 E. Paul Dirac Drive. The lunchtime tours begin at 11:30 a.m. and last approximately one hour.

## June 2009 - Leon High Gets Money and Energy Saving Chiller

By Tara Herrschaft, *WCTV-TV Channel 6 CBS*

Crews are working hard to install this new smart chiller at Leon High School. The chiller is essentially an advanced air conditioning unit. Not only is it energy efficient, by reducing carbon emissions by 125 tons a year, but it saves money too. "Oil free is the future. So this is sort of leading the future and I think oil free will become a more standard product," said Ron Conry, with Danfoss Turbocor Compressors Inc. And even better, this chiller is made in Tallahassee at **Innovation Park**.

## July 2009 - StarMetro Route Changes Effective August 1

*WCTV-TV Channel 6 CBS*

StarMetro, the City of Tallahassee's mass transit system, will change several routes effective Saturday, August 1. These include the addition of two new routes and revisions to eight existing routes. The changes also include the elimination of four routes, but by consolidating the overall system, passengers will be accommodated through use of the new or existing routes. Route 20 – revised to serve the High Magnetic Laboratory and adjacent offices in the **Innovation Park** complex; also adds an additional stop for Florida State University's Alumni Village.

## August 2009 - Governor tours 'green' plant

By Bill Cotterell, *Pensacola News Journal/Tallahassee Democrat*

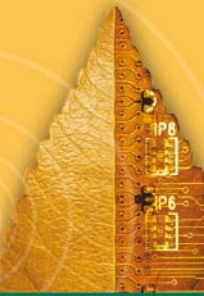
Gov. Charlie Crist, exercising the incumbent's power to get publicity just by showing up, toured an advanced compressor technology plant today and talked about stimulating the economy while producing "green" jobs that help protect the environment. "What better place for an air-conditioning company to be, than Florida?" Crist said with a smile as he sat down with executives of Danfoss Turbocor, which makes centrifugal compressors for industrial air conditioning and refrigeration systems in Tallahassee's **Innovation Park** area.





# INNOVATION PARK

A RESEARCH AND DEVELOPMENT CENTRE



## Community/Tenant Relations

The Authority is committed to its tenants and the neighborhoods around Innovation Park. Throughout the year a number of activities are held to engage park employees and support our neighbors. Events such as the quarterly Lunch and Learn workshops, the bi-annual Golf Fiasco at the Seminole Golf Course, the annual Holiday Craft Show and on-going fitness classes provide social and networking opportunities for Innovation Park employees and visitors.

Golf Fiasco



Holiday Craft Show



Lunch and Learn Workshops





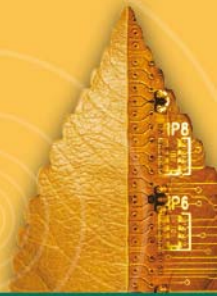
## Looking Ahead in 2010

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The Leon County Research and Development Authority will seek to increase resources and identify opportunities to help boost the local economy and facilitate small tech business development. This will require stronger support and increased partnerships with the park tenants, City and County Government entities, University researchers and personnel, as well as R&D organizations and programs in this community.

Below are the areas where the Authority sees future growth and economic development opportunities:

- The Incubator at Innovation Park
  - Client Recruitment
  - Increasing Community Partners/Supporters
- Economic Development
  - Continuation and/or expansion of the Innovation Park Technology Commercialization Grant Program
  - New Tenant Recruitment
  - Working with Economic Development partners to identify and secure prospects
- Capital Improvements
  - Facility Upgrades
  - PUD Update



## 2008-2010 Innovation Park Strategic Plan Mission, Goals, Objectives, and Actions

The mission of the Leon County Research and Development Authority (LCRDA) is to work in affiliation with Florida A&M University and Florida State University to promote scientific research and development activities, and to foster economic development and broaden the economic base of Leon County.

### **Strengthen**

**Goal 1: The LCRDA shall support and promote Innovation Park as a statewide and nationally recognized center for creative research and applied technology.**

- **Objective 1.1: Develop and update the Innovation Park infrastructure and facilities to appeal to the technology sector.**
  - Action 1.1.1: Prepare and adopt a Five-Year Capital Improvement Program (CIP) and update annually to include building and infrastructure improvements.
  - Action 1.1.2: Review PUD and DRI status and develop plan to maximize development of remaining lots in Innovation Park.
  - Action 1.1.3: Establish relationships with tenant support services and third party developers to enhance Park infrastructure.
  - Action 1.1.4: The LCRDA will work to implement and support cost-effective strategies to improve energy efficiency and reduce greenhouse gas emissions at Innovation Park facilities.
- **Objective 1.2: Create and facilitate opportunities to enhance Innovation Park amenities.**
  - Action 1.2.1: Develop and host events and activities to engage existing tenants.
  - Action 1.2.2: Promote Innovation Park amenities and events to attract potential tenants.



- **Objective 1.3: Review and evaluate restructuring administrative staff responsibilities to support the goals of the LCRDA.**

- Action 1.3.1: Appoint a sub-committee to establish objectives and action steps.
- Action 1.3.2: Develop an organizational chart to include job descriptions and budget expenditures.

**Goal 2: The LCRDA shall maintain and develop funding sources to support the mission and goals of the Authority.**

- **Objective 2.1: Fund, finance, and refinance capital projects and buildings at Innovation Park.**

- Action 2.1.1: Work with existing tenants to finance capital improvements to facilitate research expansions.
- Action 2.1.2: Fund an annual reserve fund for buildings and infrastructure.

- **Objective 2.2: Seek alternative funding such as grants and partnerships to enhance the Authority's mission and goals.**

- Action 2.2.1: Identify and apply for relevant public and private grants.

## **Grow**

**Goal 3: The LCRDA shall promote, support and facilitate applied technology research and development at Florida State University and Florida A&M University.**

- **Objective 3.1: Support technology transfer and commercialization activities between the Universities and private industry.**

- Action 3.1.1: The Authority will fund the Technology Commercialization Grant program at \$45,000 per year through 2010.



- Action 3.1.2: Partner with the Technology Transfer Offices of the Universities to provide programs and resources for entrepreneurship and commercialization.
- **Objective 3.2: Develop programs to encourage students in grades 9-12 to seek studies and/or careers in science and research technologies.**
  - Action 3.2.1: Support mentor opportunities that match local high school students interested in science and technology careers with researchers at Innovation Park.
  - Action 3.2.2: Support local educational related programs that promote careers in technology and entrepreneurship.

**Goal 4: The LCRDA shall fully develop the technology incubator program to support university technology spin-offs, private start-up businesses and expanding small businesses.**

- **Objective 4.1: Expand the facilities and amenities of the incubator program.**
  - Action 4.1.1: Locate existing facilities within the Park and community and/or evaluate the feasibility of constructing a new building.
  - Action 4.1.2: Enhance amenities offered by the Park with increased availability of customized space (i.e. lab space).
- **Objective 4.2: Enhance the services offered by the incubator program.**
  - Action 4.2.1: Partner with the universities, government and economic development agencies to secure additional resources and to identify potential clients.
  - Action 4.2.2: Survey partners and clients to determine the client needs from the incubator program.



■ **Objective 4.3: Seek funding for facilities and operations of the incubator.**

- Action 4.3.1: Research local and national grant and other funding options available.

## **Sell/Recruit**

**Goal 5: The LCRDA shall take a community leadership role in the research & development field to broaden the economic base of Leon County.**

■ **Objective 5.1: Partner with FAMU, FSU, Leon County, City of Tallahassee, the EDC and other partners to establish current and emerging R&D opportunities.**

- Action 5.1.1: Maintain an aggressive public relations and marketing campaign to promote the Park, its tenants and the activities of the LCRDA.
- Action 5.1.2: Engage partners to utilize resources to grow local and regional companies.
- Action 5.1.3: Participate in recruitment activities to attract national and international target industries to Innovation Park and Leon County.

■ **Objective 5.2: Establish one additional applied technology enterprise within Leon County sectors by 2010.**

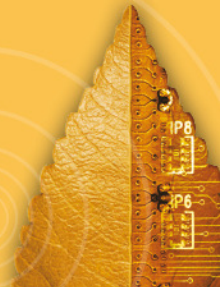
- Action 5.2.1: Work with partners to offer community economic incentive packages to grow and attract private and public R&D entities.
- Action 5.2.2: Participate with and support the EDC effort to recruit technology-based enterprises to the community and Innovation Park.






# INNOVATION PARK

A RESEARCH AND DEVELOPMENT CENTRE



 <b>INNOVATION PARK</b> A RESEARCH AND DEVELOPMENT CENTRE								
<b>BOG Adopted September 20, 2005</b>			<b>Leon County Research &amp; Development Authority</b>					
<b>DRAFT UPDATE October 6, 2009</b>			<b>Five Year Capital Improvement Plan</b>					
<b>Innovation Park Tallahassee</b>			<b>FY 2009/2010 to FY 2013/2014</b>					
Project No	Project		2009-10	2010-11	2011-12	2012-13	2013-14	Total
1	Park Signage/Wayfinding Updates (Action 2.1.2)		0	10,000	10,000	0	0	\$20,000
2	Building Rehab (Action 2.1.2, Action 1.1.4)		165,500	150,000	150,000	150,000	150,000	\$765,500
3	Park Amenities Design and Programming Plan Meeting areas, seating, lighting, minor landscaping (Action 1.1.1)		40,000	20,000	0	0	0	\$60,000
4	Multiuse Trail Survey, Design, Permitting & Amenities Plan Design Lake Walking Trail, Dock Replacement (Action 1.1.1, Action 2.2.1)		90,000	40,000	40,000	0	0	\$170,000
5	Park Amenities Multiuse Trail Construction Construction and installation of amenities (Action 1.1.3)			150,000	150,000	0	0	\$300,000
6	Joint Use Center (Incubator, Accelerator) (Action 4.1.1, Action 4.1.2)		100,000	100,000	100,000	80,000	50,000	\$430,000
7	PUD/DRI (Action 1.1.2)		80,000	20,000	0	0	0	\$100,000
8	Design & Permit Western Stormwater Facilities (Action 1.1.2)		0	40,000				\$40,000
9	Western Stormwater Pond Construction (Action 1.1.2)		0	125,000				
10	Stormwater Study Central Basin (Action 1.1.2)			8,000				
11	Stormwater Upgrades and Repairs (Action 1.1.2)		0	10,000	10,000			
12	Landscaping/Park Beautification (Action 2.1.2)		0	75,000	75,000	10,000	10,000	\$170,000
13	TBD		0	0	25,000	25,000	25,000	\$75,000
<b>Total Outlay</b>			<b>475,500</b>	<b>748,000</b>	<b>560,000</b>	<b>265,000</b>	<b>235,000</b>	<b>\$2,283,500</b>
Capital Reserve Fund - Balance 05-09 (Action 2.1.2)		1,150,000	250,000	150,000	150,000	150,000	150,000	\$2,000,000
Note: Actions listed above are taken from Mission, Goals, Objectives and Actions Adopted @ 7/19/05 BOG meeting								



TENANT BUILDING DIRECTORY	SITE ADDRESS	BUILDING ID
FSU RESEARCH FOUNDATION - A	2000 LEVY AVE	1
FSU RESEARCH FOUNDATION - B	2010 LEVY AVE	2
DANFOSS TURBOCOR COMPRESSORS	1769 W PAUL DIRAC DR	3
COLLEGE CENTER FOR LIBRARY AUTOMATION	1753 W PAUL DIRAC DR	4
COLLEGE CENTER FOR LIBRARY EXPANSION	1630 W PAUL DIRAC DR	4a
TALL-COM INDUSTRIES	1721 W PAUL DIRAC DR	5
CENTRENNIAL BUILDING	2077 E PAUL DIRAC DR	6
COLLINS BUILDING	2051 E PAUL DIRAC DR	7
MORGAN BUILDING	2035 E PAUL DIRAC DR	8
SLIGER BUILDING	2035 E PAUL DIRAC DR	9
JOHNSON BUILDING	2035 E PAUL DIRAC DR	10
SHAW BUILDING	2031 E PAUL DIRAC DR	11
PHIPPS BUILDING	2007 E PAUL DIRAC DR	12
NATIONAL HIGH MAGNETIC FIELD LAB	1800 W PAUL DIRAC DR	13
NORTHWEST REGIONAL DATA CENTER	2048 E PAUL DIRAC DR	14
KNIGHT ADMINISTRATION CENTRE	1736 W PAUL DIRAC DR	15
FSU MATERIAL RESEARCH	2005 W PAUL DIRAC DR	16
AEROPROPULSION MECHATRONICS AND ENERGY	2005 W PAUL DIRAC DR	17



### Building Ownership

Authority
  City/Authority
  FSU/FSURF
  Private







## INNOVATION PARK ECONOMIC IMPACT ANALYSIS

SEPTEMBER 2007

### Economic Impact Input(s)

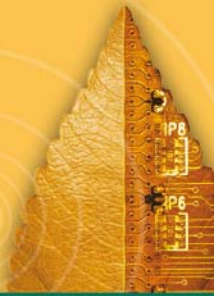
- Innovation Park Number of Employees (1,733 as of 09/28/07) per Business Category
- Innovation Park Business Category in North American Industrial Classification Code (or NAICS) See:  
<http://www.census.gov/epcd/www/naics.html>

### Annual Economic Impact Results for Innovation Park, Leon County, Florida (in 2007 dollars)

- Output (salary and/or revenue) = \$399,211,354 or \$400 million
- Employment = 2,997 jobs
- Labor Income (salary & benefits) = \$185,582,285

*\*Results include direct, indirect and induced impacts.*

Prepared by the Center for Economic Forecasting and Analysis  
Julie Harrington, Ph.D., Director  
Florida State University



## Innovation Park Technology Commercialization Grant Program 2005-2008 Award Recipient Update

In 2005, the Leon County Research and Development Authority launched a grant program to support local companies developing innovative products and services that demonstrate potential for commercial success, business growth and job creation. Since implementing the annual Innovation Park Technology Commercialization Grant Program, the Authority has awarded 14 grants totaling more than \$200,000 to 12 local technology-related companies. All but two of the grant recipients continue to operate their companies in Leon County.

### 2005 Grant Winners

**Company:** Innovations, Inc.

**Principal:** Dr. Lonnie Draper, President

**Grant Award:** \$15,000

**Product/Service Description:** Automated Medication Delivery System

**Fund Use:** To develop the prototype for a labeling machine for his system.

**Company Update:** **The company has grown from 2 employees to 12. It has since developed a second product: Medical record-sharing software. The company also changed its name to Avocare.**

**Company:** nanoStrata, Inc.

**Principal:** Joe Schlenoff, President

**Grant Award:** \$15,000

**Product/Service Description:** Robotic Multilayering Technology. The company manufactures a robot that automatically dips sample materials into a series of coating solutions in a process called multilayering.

**Fund Use:** To secure working space at Innovation Park to enhance the operation of the robotic system.

**Company Update:** **The company is located in the Innovation Park Administration Center. It has improved its product (version 6) and hired part-time engineering students and circuit board assembler.**



# INNOVATION PARK

A RESEARCH AND DEVELOPMENT CENTRE



## 2006 Grant Winners

**Company:** Intellectual Property Solutions, Inc

**Principal:** Tanaga Boozer, President

**Grant Award:** \$15,000

**Product/Service Description:** Virtual Technology Transfer Office (VTTO), a website that links small businesses with service providers that offer assistance with patents, contracts, business plans, marketing and prototype development. The VTTO reduces the cost, time and effort for procuring certain specialized services by creating a virtual meeting place for user and service providers to request and perform certain services.

**Fund Use:** To enhance the on-line experience by adding a voice-enhanced feature designed with faces and figures that interact with users.

**Company Update:** The company has shifted its focus from the virtual tool to classroom training. IPS recently offered two Intellectual Property Courses in Tallahassee—Patents for Beginners and Advanced Patenting and Licensing.

**Company:** Tai-Yang Research Company (TYRC)

**Principal:** Scott Marshall, Principal Engineer

**Grant Award:** \$15,000

**Product/Service Description:** High-temperature superconducting magnets

**Fund Use:** To expand its high-temperature superconducting magnet and current leads manufacturing technologies. According the Marshall, the grant will leverage funding from two NASA Phase II Small Business Innovation Research (SBIR) contracts to deliver four novel magnet systems for a revolutionary electric space propulsion system.

**Company Update:** The company is located at Innovation Park. In 2009, Tai-Yang was awarded two SBIR federal grants totaling \$670,000.

**Company:** Innovations, LLC

**Principal:** Dr. Lonnie Draper, President

**Grant Award:** \$15,000

**Product/Service Description:** ATM-style dispenser of prescription medications

**Fund Use:** To develop the system's robotic mechanism

**Company Update:** See above





## 2007 Grant Winners

**Company:** Comm-Engines

**Principal:** Todd Franklin, President

**Grant Award:** \$15,000

**Product/Service Description:** Comm-Engines has designed and patented an anti-shoplifting device using radio frequency technology that will be affordable for small retail stores.

**Fund Use:** Mechanical design and prototyping, a manufacturing test station, and website upgrades.

**Company Update:** The company was unsuccessful in finding venture capital in Tallahassee and has relocated to South Florida to continue operations.

**Company:** DiscovRx, LLC

**Principal:** Karunya Kandimalla, President

**Grant Award:** \$15,000

**Product/Service Description:** pharmaceutical start-up company

**Fund Use:** To secure office and lab space and develop marketing materials, such as a website and brochures.

**Company Update:** The company has established a lab in the Incubator.

**Company:** Seva Technologies

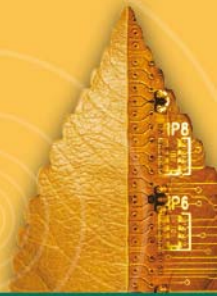
**Principal:** Jim Tillman, President

**Grant Award:** \$15,000

**Product/Service Description:** The information technology firm specializes in the development of database-driven web-enabled software application for data collection, analysis and reporting. The Tallahassee-based company developed a software package for the Leon County Sheriff's office, which is now being adapted and marketed to other criminal justice agencies in Florida.

**Fund Use:** To fund hardware and software costs, internet hosting services and technical subcontracting assistance.

**Company Update:** In 2008, Seva Technologies, LLC was named by Inc. Magazine as one of America's 5000 fastest growing companies. It employs 28 people.



## **2008 Grant Winners**

**Company:** TEAM Simulations, LLC

**Principal:** Janet Dilling, President

**Grant Award:** \$15,000

**Product/Service Description:** Company was founded to commercialize technology created at the Florida State University Center for Disaster Risk Policy. Its principle product, the Tabletop Exercise System Technology (TEST), is the first of its kind, computer-based tabletop exercise system that simplifies the development, delivery, and after-action reporting of tabletop exercises and management simulations. The software has been used to train and exercise over 900 agencies and over 5000 federal, state and local government officials.

**Fund Use:** The company planned to use the grant funds to purchase equipment, needed to develop a supplemental Web utility application, as well as spending some funds on marketing materials.

**Company Update:** **The company is located in the incubator. It has developed two software products and contracted with a reseller to market the products.**

**Company:** Comm-Engines, Inc

**Principal:** Todd Franklin

**Grant Award:** \$15,000

**Product/Service Description:** see above

**Fund Use:** see above

**Company Update:** **See above**

**Company:** Transformational Technologies Innovations, Inc

**Principal:** Dr. Amrita Kumar, the Director of Business Development for FSU's HPMI

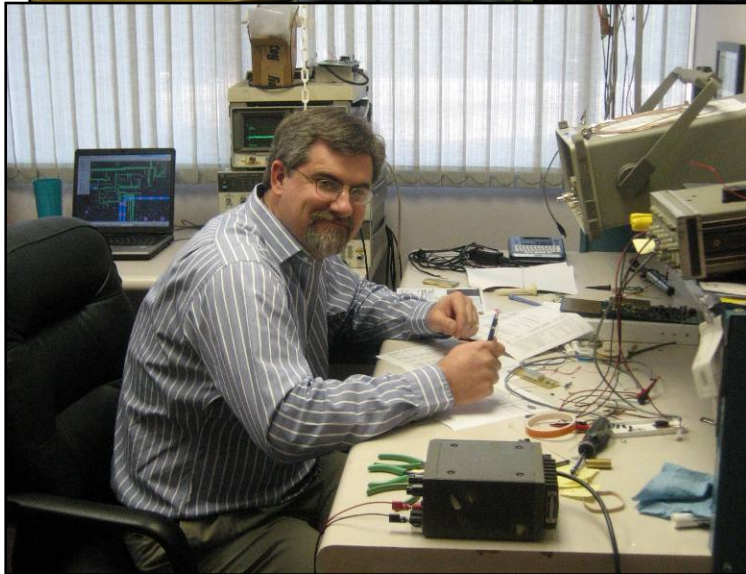
**Grant Award:** \$7,000

**Product/Service Description:** The company was founded to commercialize advanced macro level nanotechnology materials such as BuckyPaper. Pioneered by Florida State University's High-Performance Materials Institute (HPMI), BuckyPaper is a novel paper-like substance formed with carbon nanotubes or nanofibers.

**Fund Use:** The company only withdrew a portion of the grant award to fund legal and/or accounting needs for the company.

**Company Update:** **The company's efforts to build a contractual relationship with FSU to advance the commercialization of BuckyPaper was not successful. TTI has ceased operations.**

# The Incubator at Innovation Park



**INNOVATION PARK**  
A RESEARCH AND DEVELOPMENT CENTRE

The Incubator at Innovation Park  
The Morgan Building – 2035 E. Paul Dirac Drive – Tallahassee, FL 32301  
[www.innovation-park.com](http://www.innovation-park.com)





## **Program Overview**

The Incubator at Innovation Park is a public partnership established by the Leon County Research and Development Authority (LCRDA) and the Small Business Development Center (SBDC) at Florida A&M University to create a business environment that fosters financially successful, high-quality technology-related companies in the community.

The mission of the Incubator at Innovation Park is to stimulate economic growth in the Capital region by assisting emerging technology-related companies. Its goal is to provide Incubator clients with resources, "hands-on" assistance and a variety of business development services to help accelerate growth.

The Incubator at Innovation Park provides a nurturing environment, characterized by individualized technical assistance and services for start-up and emerging companies during their first years of development. Through the varying levels of Incubator membership offered, technology-related businesses can apply to access guidance and support services on an as-needed basis, or decide to seek up to a full range of SBDC services to fulfill their company's needs.

By coordinating services and encouraging small companies to share space, resources and experiences, the Incubator and its network of business and economic development partners can minimize the risk that typically hamper new and emerging companies.

### **Screening**

Applicants will submit their applications to the Incubator at Innovation Park. The staff, comprised of professionals from all areas of business development, will screen the applicants and determine each applicants needs.

To further coordinate efforts and create partnerships an advisory board has been created from members of the local community. Representatives from the financial, legal, business and networking arenas are members of the board.

### **Criteria for Participation**

Prospective technology firms wishing to become a part of the incubator program will be evaluated on the following criteria:

- The prospect has a capable, motivated and professional entrepreneurship team
- The prospect is capable of making a significant and sustained contribution to the region's economic growth as indicated by the quality and quantity of jobs created, capital investment, return on investments, market share and creation of regional community wealth
- The prospect is able to demonstrate a need for being in the incubator environment and the services provided through the incubator partners



In addition, a prospect seeking full membership will be subject to the following:

- The prospect presents a comprehensive, well-conceived business feasibility plan which outlines the market potential as well as challenges
- The prospect has access to financial resources to support business operations through the first year

## **Target Industries**

The incubator is actively seeking technology-related firms and university related spin off companies as incubator clients. Scientific, engineering, technology related companies, along with technology service providers, will be considered.

## **Services**

Clients of the Incubator at Innovation Park can receive a variety of support services.

The Small Business Development Center will provide:

- Business development and consulting
- Business workshops and seminars
- Financial services
- Networking opportunities
- Clerical support/Receptionist
- Access to LCD projector and laptop
- Web site links to Innovation Park and SBDC at FAMU homepages

Innovation Park will provide:

- Short term/flexible leases
- Rent subsidies to qualified clients
- Marketing & public relations
- Networking opportunities with established private industries, universities, and support services
- Access to competitive grant money
- Furnished offices & conference space
- Free parking

## **Evaluation**

Each tenant participating in the full membership program will submit a brief progress report quarterly for review by the certified business analysts at the SBDC. Annually, the business will be subjected to a review with the Advisory Group. The form of the review will be in a presentation of progress and supplemental information.





## **Business Assistance Process**

Welcome to the Incubator at Innovation Park. We wish you great success in your new business and pledge to help you achieve it. To facilitate business development, we provide a program of training, counseling, and other forms of business assistance. Your partners in this process are the Leon County Research and Development Authority (LCRDA) and the Small Business Development Center (SBDC) at Florida A&M University. There are two types of memberships, affiliate and full. A business counselor from the SBDC is available to meet with a company to discuss which membership is best suited for their business. A description of each membership is listed below.

### **Affiliate Membership**

Businesses further along in their business development may choose to become an affiliate member. Affiliate memberships allow businesses to participate in classes, workshops, and individual counseling, at their discretion. Affiliates are required to complete an application and undergo an initial assessment at the SBDC.

### **Full Membership**

Those businesses choosing a full membership will receive a more structured range of services, beginning with the initial application.

### **Initial Application**

Upon initial submission of the application, a business plan or feasibility proposal will need to be submitted for review. Those businesses without a business plan will need to complete a feasibility proposal as part of the application process. This document should contain:

- A description of the business idea
- Definition and information on the potential market
- Barriers to start-up and mitigation, and
- Actions required to start and operate the business.

An outline for the feasibility plan is included in this packet.

### **Needs Assessment**

The SBDC will work with the business and conduct a needs assessment to identify those actions required to produce or update their business plan before a six month milestone. In addition, the SBDC will meet with the business monthly to discuss their progress, and answer any questions.



## **Core Training**

Unless exempted by the needs assessment, full-service clients will need to complete core training workshop requirements including:

- Starting A Business
- Business Plans
- Marketing, and
- Developing Financial Projections

Additional training may be required on an as-needed basis.

After six months of admission into the program, businesses will be expected to showcase their achievements, complete core training workshop requirements unless exempted by a business advisor, and develop or update their business plan. Failure to complete these milestones could result in a decision to retain or release the business from the incubator program.

## **Quarterly Monitoring of Progress**

After the six-month milestone, the counselor will work with the tenant to identify continuing needs, and at a minimum, the business will be required to submit quarterly a brief progress report to incubator staff and the SBDC.

## **Rent Subsidies**

Only those companies participating in the full membership program are eligible for rent subsidies. Clients will be reviewed quarterly and as they grow, are expected to move to a full market rate.

## **Business Plan Development**

The business will be expected to produce a business plan and undergo an internal review of the document by the SBDC.

## **Annual Reviews**

Businesses will be subject to an annual review with an Advisory Group. The review will include a presentation of progress by the tenant and supplemental information.

With the recommendations of the Advisory Group, actions could be taken to:

- Continue to foster existing goals
- Set new goals for the business
- Adjust rents to reflect income levels
- Graduate the company
- Other actions



## Graduation

All departing companies will be asked to complete a report of participation in the Incubator. This report could include:

- Jobs created
- Revenues generated
- Capital obtained, or
- Suggestions for operation of the program.





## **Feasibility Plan Outline**

A feasibility plan is an initial evaluation of a business idea. Unlike a business plan, the feasibility plan is designed to assist us in forming an opinion as to whether we intend to pursue the idea. At the conclusion of the analysis, we seek a yes/no answer as to whether we should continue. If we elect to continue, the idea may be further developed in a business plan that will also become an operational plan upon opening the business.

The feasibility plan should include:

### **The business idea**

This should be stated in easy to understand terms that not only explain the idea but also provide information on how it benefits customers. It should not be written in technical language.

### **The market**

This section provides information on market potential. It describes the target customer and provides information on location and size of market. It includes information on customer wants and how our idea satisfies those requirements. Current competition for this market is discussed and we explain why we believe these customers will buy from us. Lastly, it provides information on how we will inform customers about our services or products.

### **Barrier analysis**

A barrier is anything that prevents us from starting the business. This section begins with a description of operations including production and then identifies what must be done to accomplish that. Any additional barriers such as regulation, intellectual property protection, or financing are also discussed. A mitigation strategy should be specified for each barrier.

### **Actions**

Actions are any steps required in order to open the business. Action steps are identified along with dates and responsibilities.





## **Sample Incubator Tenant Profiles**

### **Team Simulations, LLC.**

Team Simulations, LLC., is a Florida based company providing simulations software and associated technical support to government and business clients worldwide. They specialize in bringing organizations hand-on, practical learning exercises for planning, responding and leading in times of unprecedented change.

### **DiscovRx, LLC.**

DiscovRx, LLC is a pharmaceutical start-up company established in 2005. Karunya Kandimalla, R&D President of DiscovRx, is a professor at the Florida A&M University School of Pharmacy.

### **NeuTech Biological Systems and Association**

NTB is an integrated network of machine fabrication, materials processing and research design companies with capabilities in proto model, test bed model, and miniaturization of sensor electronics, power systems, GC-MASS Spectrometry Systems, Energy Production, non invasive sensor and medical monitoring systems, and space/defense hardware.







## **Contact Information**

**For more information about the Incubator at Innovation Park please contact:**



**Linda Nichol森**

Innovation Park, Executive Director  
Incubator at Innovation Park, Director of Operations & Facilities  
Phone: (850) 575-0343/Fax: (850) 575-0355

[lnichol森@inn-park.com](mailto:lnichol森@inn-park.com)



**Robert Nixon**

The Small Business Development Center at FAMU, Executive Director  
The Incubator at Innovation Park, Director of Business Development

Phone: (850) 599-3412/Fax: (850) 561-2049

[Robert.Nixon@famU.edu](mailto:Robert.Nixon@famU.edu)



**Chris Workman**

The Small Business Development Center at FAMU, Certified Business Analyst

Phone: (850) 599-3407/Fax: (850) 561-2049

[Christopher.Workman@famU.edu](mailto:Christopher.Workman@famU.edu)



## **Application for Admission**

Name \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail \_\_\_\_\_

Name of Business \_\_\_\_\_

Is your business \_\_\_\_ new or \_\_\_\_ existing?

If existing business:

Years of Operation \_\_\_\_\_ Number of Employees \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Is your business a \_\_\_\_ proprietorship, \_\_\_\_ partnership, \_\_\_\_ corporation, or \_\_\_\_ LLC?

Principal (proprietor/president/CEO), partners, or major shareholder:

Name \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail \_\_\_\_\_

Description of business, products/services, target market, competitors:

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Business activity to be undertaken at the incubator:

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## Page 2- Incubator Application

Reason(s) for seeking incubator space

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Administrative space required (sq. ft.): \_\_\_\_\_ Manufacturing space required: \_\_\_\_\_  
Requested occupancy date: \_\_\_\_\_

Special facility requirements (phone lines, fax line, internet, etc.):

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Potential incubator assistance requirements:

<input type="checkbox"/> Receptionist	<input type="checkbox"/> Management
<input type="checkbox"/> Secretarial/Clerical	<input type="checkbox"/> Accounting
<input type="checkbox"/> Legal	<input type="checkbox"/> Financial
<input type="checkbox"/> Marketing	<input type="checkbox"/> Production
<input type="checkbox"/> Technical	<input type="checkbox"/> Other

Initial capitalization estimate:

☐ \$0-\$50,000    ☐ \$50,000-\$100,000    ☐ \$100,000-\$150,000    ☐ Over \$150,000

Employment estimate:

At the time of occupancy:	<input type="checkbox"/> Full-time	<input type="checkbox"/> Part-Time
After six months:	<input type="checkbox"/> Full-time	<input type="checkbox"/> Part-Time
After one year:	<input type="checkbox"/> Full-time	<input type="checkbox"/> Part-Time
After three years:	<input type="checkbox"/> Full-time	<input type="checkbox"/> Part-Time

Signed \_\_\_\_\_ Date \_\_\_\_\_

Through the varying levels of Incubator membership offered, technology-related businesses can apply to access guidance and support services on an as-needed basis, or decide to seek up to a full range of SBDC services to fulfill their company's needs.

Incubator Use Only! Please do not write in this area.

Level of membership recommended / approved:

Affiliate \_\_\_\_\_

Full \_\_\_\_\_

Suggested Office Rental Rate: Market \_\_\_\_\_

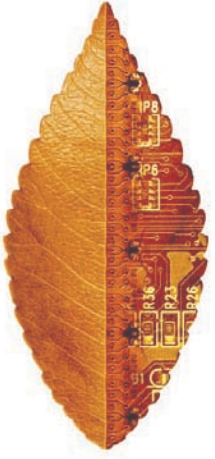
25% discount \_\_\_\_\_

50% discount \_\_\_\_\_

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# MANUFACTURING at Innovation Park

**Public-private partnerships and incentives have helped manufacturers with R&D activities and high-tech products flourish in Florida's capital city.**

Innovation Park is a publicly owned research and development center located between two major research universities, and supported by both state and local government. Approximately 60 acres of land are available for immediate development with infrastructure already in place.

Innovation Park is affiliated with Florida State University and Florida A&M University, who share space with private companies and government agencies in the 208-acre park. Our region's four-county MSA offers a skilled labor force at wage rates below those of competing metropolitan areas. The share of the labor force with a university degree is 37% — almost double the national average — while FSU and FAMU produce a continual supply of new graduates.

A CSX Railroad line runs adjacent to the park, and nearby Interstate 10 connects the Tallahassee MSA with the major hubs of Jacksonville 134 miles to the east, and Tampa 200 miles to the southeast via connection with Interstate 75. The Tallahassee Regional Airport hosts four commercial airlines with daily nonstop service to ten domestic destinations, and the MSA also includes two additional general aviation airports. Water transportation is available at Port St. Joe 99 miles to the southwest.

## Premier Manufacturing Tenants

**Elbit Systems of America** is a leading provider of high performance products and system solutions. The Innovation Park facility produces high volume, high reliability RF and digital communications equipment and components, along with related electromechanical integration and testing for governmental and industrial clients.

**Danfoss Turbocor Compressors** conducts the design, manufacture, marketing and support of the world's most efficient commercial refrigerant compressors. Danfoss developed the world's first totally oil-free compressor specifically designed for the HVACR industry.

**Tai-Yang Research Company** is dedicated to the development and application of novel materials, including high temperature superconductors, optical fibers and thin films. The company is co-located with the Center for Advanced Power Systems, an R&D partnership with the National High Magnetic Field Laboratory.

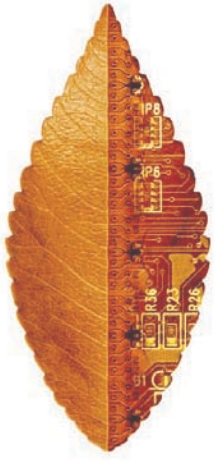
**Transformational Technologies Innovations** commercializes advanced macro level nanotechnology materials such as BuckyPaper, a novel paper-like substance formed with carbon nanotubes.

Innovation Park is located on an attractive wooded campus employing 2,000 people in 16 buildings, housing 50 separate organizations. For additional information, call **(850) 575-0343**, send an email to **lnicholsen@inn-park.com**, or visit the website at **www.innovation-park.com**.



**INNOVATION PARK**  
A RESEARCH AND DEVELOPMENT CENTRE

(850) 575-0343 | [www.innovation-park.com](http://www.innovation-park.com)



# INFORMATION TECHNOLOGY at Innovation Park

**Information technology, systems integration, and network operations are flourishing in Florida's capital city.**

Innovation Park is a research and development center located between two major research universities, and supported by both state and local government. Innovation Park's high-tech infrastructure is well-established, and the park is home to some of Florida's most talented software engineers, programmers, systems analysts, and support specialists.

Florida's capital region ranks second in the nation for Internet bandwidth capacity, and we enjoy a workforce high in quality, productivity, and stability, thanks to an unparalleled quality of life.

Innovation Park is affiliated with Florida State University and Florida A&M University, who share space with private companies and government agencies on an attractive wooded campus with amenities. Information technology companies have found that our region's four-county MSA offers a productive workforce at wage rates well below those of competing metropolitan areas. FSU and FAMU produce a continual supply of new graduates, while nearby Tallahassee Community College offers degrees and certificates in a comprehensive range of applied information technology programs.

## Premier Information Technology Tenants

**College Center for Library Automation** operates the statewide Library Information Network for Community Colleges, operating the first statewide, centralized automated library system in the U.S. serving community colleges exclusively.

**Team Simulations** develops simulation software and associated technical support for government and business clients worldwide, specializing in bringing organizations hands-on, practical learning exercises for planning, responding and leading in times of unprecedented change.

**Northwest Regional Data Center** provides computing facilities, equipment and technical support to education and government entities throughout the state.

**Center for Economic Forecasting and Analysis** specializes in applying advanced, computer-based economic models and techniques to examine and help resolve pressing public policy issues across a spectrum of research areas.

**IntegriSource, Inc.** is a national information technology staffing provider with a focus to retain local IT professionals and recruit experienced IT professionals, offering contract, contract-to-hire and permanent placement services to public and private sector businesses.

Innovation Park companies employ 2,000 people in 16 buildings, housing 50 separate organizations. For additional information, call (850) 575-0343, email [lnicholsen@inn-park.com](mailto:lnicholsen@inn-park.com), or visit [www.innovation-park.com](http://www.innovation-park.com).



(850) 575-0343 | [www.innovation-park.com](http://www.innovation-park.com)





# LIFE SCIENCES at Innovation Park

**Association with major universities provide life science tenants with wealth of knowledge and opportunities for synergy.**

Innovation Park offers a ready location for technology-related businesses to flourish in Florida's Capital City. The research park's affiliation with Florida A&M University and Florida State University provides tenants with a wealth of cross-discipline R&D, as well as a steady flow of professors, students, and graduates from the universities' medical, pharmaceutical and related programs to compose the park's professional and technical workforce.

Innovation Park's research and development center spans 208 acres, houses 45 organizations, and has 60 acres ready for immediate development with infrastructure already in place. Relationships with federal, state and local governments provide Innovation Park tenants support and incentives for growth, and our tenants are among the most advanced private and public research facilities in the world. Company this good is hard to find, just like our area's highly skilled and educated work force, which boasts more college educated employees than competing metropolitan areas.

## Premier Life Sciences Tenants

**Center for Biomedical and Toxicological Research** addresses problems associated with environmental impacts to human health nationally and worldwide by conducting research, teaching at the graduate and undergraduate levels, conducting training activities, and providing technical support services to governments at the local, regional, national and international levels.

**National High Magnetic Field Laboratory** hosts private sector and public sector research in biochemistry, chemical engineering and other fields. R&D activities include the development and application of Nuclear Magnetic Resonance methods and computation for studying the structure, dynamics and function of proteins and small molecules, including the effects of drugs on viral targets.

**National Park Service Southeast Archeological Center** conducts archeological research, collections and information management, and technical support for national park units located in the Southeast Region of the National Park Service. It also provides technical services to other federal agencies, state, local governments and private not for profit organizations.

**Department of Agriculture and Consumer Affairs Bureau of Seafood and Aquaculture** works to ensure that Florida's citizens are educated about Florida's aquaculture system and seafood industry.

Innovation Park currently employs more than 2,000 people in over one million square feet of office space. Over fifty organizations are established within the Park. For a current list of Park tenants please visit our Web site at [www.innovation-park.com](http://www.innovation-park.com). For additional information about Innovation Park, please call (850) 575-0343 or send an email to [lnicholsen@inn-park.com](mailto:lnicholsen@inn-park.com).



# ENERGY at Innovation Park

**A growing research and development cluster advancing technologies for power generation and transmission.**

Innovation Park is a publicly owned research and development center located between two major research universities, and supported by both state and local government. Researchers from around the world work in a synergistic environment to create new technologies for energy, spanning fields including power semiconductors, novel materials, superconductivity, fusion and plasma, and advanced computations.

Innovation Park is affiliated with Florida State University and Florida A&M University, who share space with private companies and government agencies in the 208-acre park. Of Innovation Park's 208 acres, 60 are available for immediate development, with IT and power infrastructure already in place. The National High Magnetic Field Laboratory, located in Innovation Park since 1990, attracts thousands of world class engineers and researchers every year, serving as the hub for a research cluster that is expanding to meet national needs for better power generation and transmission technology.

## Premier Energy Tenants

**Center for Advanced Power Systems** is a joint venture of Florida State University, the FAMU-FSU College of Engineering and the National High Magnetic Field Laboratory, focused on advanced power technologies with emphasis on transportation systems and traditional utility systems. The center is developing an academic-industrial consortium focused on the application of recent advances in power semiconductors, materials, advanced controls and superconductivity to advanced power system technologies.

**The Center for Plasma Science and Technology (CePaST)** is housed in the Department of Physics at Florida A&M University. In its newly renovated and expanded facility in Tallahassee's Innovation Park, the Center is home to a highly successful team of faculty, students and researchers dedicated to the new science and new applications of theoretical, experimental, and computational Plasma Physics. The center is the flagship of FAMU's commitment to comprehensive research excellence with technological impact. The center conducts fusion and plasma research for alternative power, and advanced computations research in support of plasmas and photonics physics.

**Florida State University Applied Superconductivity Center** exists to advance the science and technology of superconductivity applications, investigating low temperature and high temperature materials through research grants and collaborations with other universities, national laboratories and industry. Funding includes grants from the U.S. Department of Energy / Energy Efficiency and Renewable Energy: Superconductivity Partnership Initiative; and the U.S. Department of Energy / Fusion Energy Sciences Program.

Innovation Park currently employs more than 2,000 people in over one million square feet of office space. Over fifty organizations are established within the Park. For a current list of Park tenants please visit our Web site at [www.innovation-park.com](http://www.innovation-park.com). For additional information about Innovation Park, please call (850) 575-0343 or send an email to [lnicholsen@inn-park.com](mailto:lnicholsen@inn-park.com).



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December 16, 2009

**To: Honorable Bob Rackleff, Chair, Board of County Commissioners**  
**From: Linda Nicholson, Executive Director, Innovation Park**  
**Subject: Questions for the Leon County Research and Development Authority**  
**(Innovation Park)**

Following are the answers to your questions.

**Administrative**

1. What is the salary of the Executive Director, including retirement, Social Security, Worker Compensation, and health insurance expenses? [See attached breakdown in Tab #1.](#)
2. What are the terms of the benefits provided to the Executive Director, such as the terms of the retirement plan and health insurance plan? [Health Insurance is provided through the county's plan. Retirement is provided through the Florida Retirement System.](#)
3. Please provide job descriptions for the Executive Director and other staff. If any staff serve under employment contracts, please provide them also. [See attached job descriptions in Tab # 1. There are no current employment contracts.](#)
4. When was the Authority's legal counsel selected and by what process, such as competitive bidding? [The Messer, Caparello & Self Law Firm was very instrumental in establishing the research park enabling legislation, Florida Statute 159. The firm has been representing the Authority since its inception.](#)
5. Please provide the current contract for legal services, including specific duties and responsibilities. [There is no contract. The firm handles the general representative of the Authority; this includes contracts, leases, and litigation. They also assist with negotiations and render opinions. They attend monthly board meetings. The firm works at the direction of the Authority.](#)
6. What is the legal counsel's hourly rate? [\\$200-\\$250/hr](#)
7. The Salter/Mitchell firm receives \$60,000 FY 2009-10. What specific tasks did Salter/Mitchell perform in 2008-09 and what will be expected in 2009-10? [See Tab #2 for the Letter of Agreement and the Marketing and Communications Plan Outline. Included is a book of deliverables from SalterMitchell from 2008-2009. The Authority is scheduling a workshop to outline the 2009-2010 marketing objectives for the year.](#)
8. When was Salter/Mitchell selected by the Authority and by what process, such as competitive bidding? [See Tab # 2. Salter/Mitchell was selected competitively in Oct. 2002 with annual renewals through 2009.](#)
9. Please provide a breakdown of the Authority's insurance costs for 2009-10 by policy, provider and annual amounts. [See attached breakdown in](#)

Tab # 3

10. When were the Authority's current insurance providers selected and by what process, such as competitive bidding? [The current insurance providers were selected by competitive bidding in 10/2009. See Tab # 3](#)
11. Were insurance brokers used and, if so, what were they paid? [No](#)

**Financial**

12. Please provide a balance sheet for the current year and previous four fiscal years. [The audited financial statements for the current year have not been completed. See Tab #4 for 2008, Tab # 5 for 2007 and Tab #6 for 2006](#)
13. The current budget projects a net loss of \$447,111, following the previous year's loss of \$216,326. What were net results for the previous three budget years? [Please see the attached financial statements in Tabs # 4-6.](#)
14. What accounts for these losses, including the 12 percent decrease in rental income from last fiscal year to this? [Depreciation, vacancies & renovations to accommodate the technology incubator.](#)
15. In this and four succeeding fiscal years, the Authority projects a total contribution of \$1.15 million for the capital reserve fund. Yet reserves decreased by \$597,751 (14.4 percent) in the last year, rental income has declined, administrative expenses continue to comprise 37.5 percent of the Authority's operating budget. Where will contributions to the capital reserve fund come from in the next five years? [Contributions will come from cash on hand and income.](#)
16. Have any long-term lease agreements been originated or renewed in the last three fiscal years, and what were the terms? [Five long-term leases were completed in the last three years. See:  
Tab # 7 - Avalanche Partnership,  
Tab # 8 – Danfoss Turbocor Compressors, Inc.  
Tab # 9 - Florida Department of Environmental Protection  
Tab # 10 – Florida Department of Agriculture and Consumer Services – Seafood Test Kitchen  
Tab # 11 – Florida Department of Transportation – Structural Research Lab](#)
17. Please provide us with annual financial audits for the past three fiscal years. [Attached in Tabs 4-6](#)

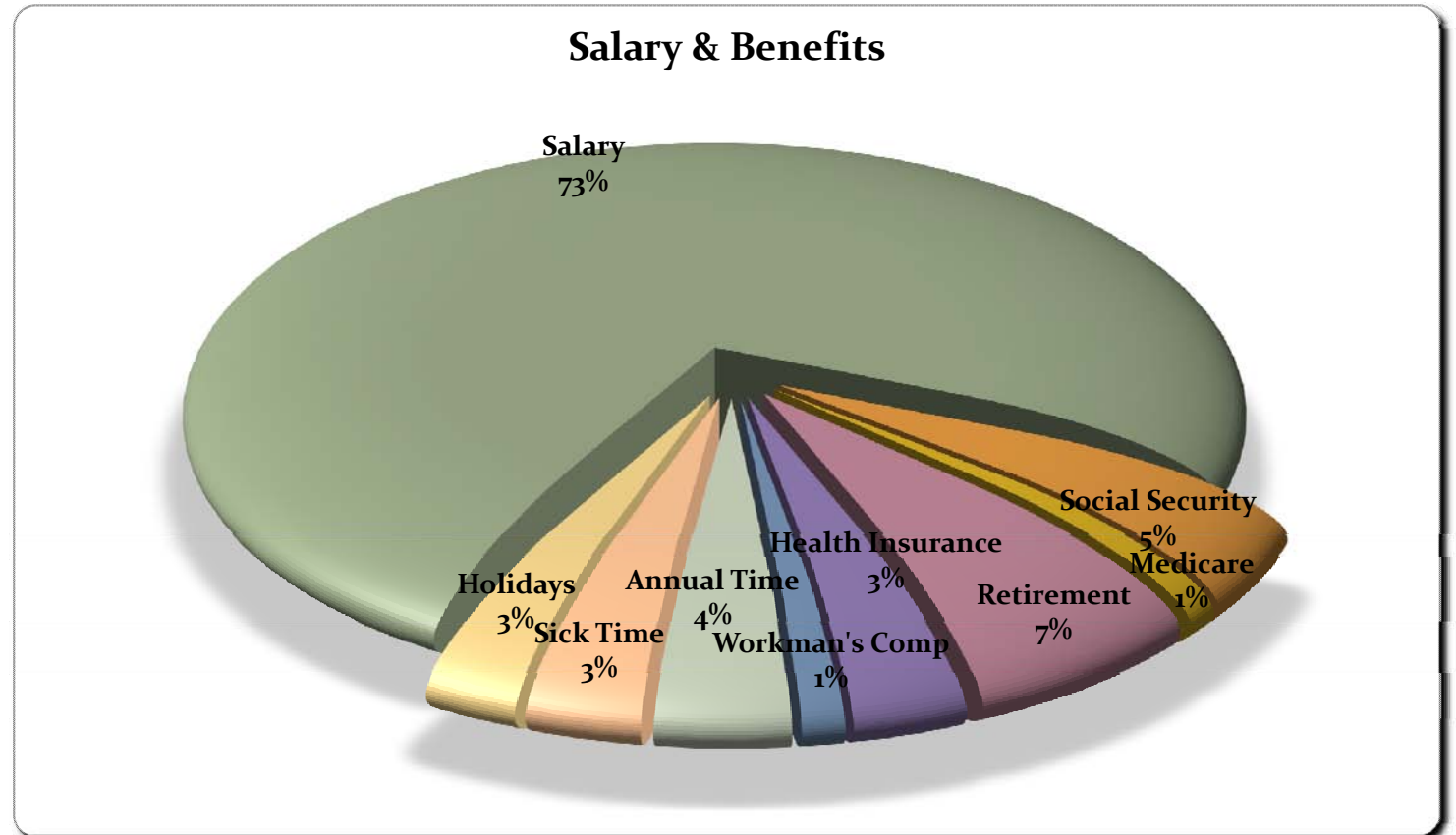
Thank you.



**TAB 1**

Type	Amount
Salary	\$ 104,439
Social Security	\$ 6,527
Medicare	\$ 1,514
Retirement	\$ 10,287
Health Insurance	\$ 4,796
Workman's Comp	\$ 1,796
Annual Time	\$ 5,624
Sick Time	\$ 4,820
Holidays	\$ 4,017

TOTAL: \$ 143,821



**Innovation Park**  
**Executive Director**  
**Job Description**

---

This position is responsible for the development of the research park, and for creating an environment that fosters technology related enterprises working in close partnership with the research programs of Florida State and Florida A & M University colleges and departments. This includes the implementation of the mission and strategic plan of the Board of Governors of the Leon County Research and Development Authority

This person promotes the Authority and the park by working closely with university faculty and staff, park tenants, entrepreneurs, economic development agencies, and others as appropriate. They are responsible to coordinate the advertising and promotion of the Park and to promote activities within the park and secure appropriate amenities for the tenants.

This position is responsible for planning and coordinating all real estate development, negotiating partner/development agreements, following the protective codes and covenants, financial planning and management of the park's funds and management of the park staff.

A detailed Scope of Services for Park Operations and Management is attached.

EXHIBIT A  
SCOPE OF SERVICES  
for  
PARK OPERATIONS AND MANAGEMENT

- A. Tenant Management
- Arrange for advertising and marketing of existing space that may become vacant. Interview and qualify prospective tenants, negotiate leases and present to Authority for approval.
  - Represent Authority in dealing with its tenants, including receiving and responding to complaints.
  - Prepare and distribute periodic newsletter for tenants.
  - Collect rent and other charges and revenues from tenants.
  - Cause tenants to comply with leases and serve notices as needed.
  - Arrange with Counsel for suit for rent and other revenues due to the Authority.
  - Arrange with Counsel to institute proceedings to recover space in the park.
  - Screen and advise Authority on the suitability of prospective tenants.
- B. Facility Management
- Provide services necessary for the management of the property, including inspections, supervision of maintenance and arranging for improvements and repairs.
  - Contract for repairs and expenditures necessary for protection from damage or to perform services required in lease.
  - Provide personnel to be available for 24-hour emergency calls.
  - Maintain grounds of park in neat and manicured condition including: refuse removal, cutting grass, maintaining signage, etc.
  - Arrange for contracted services for upkeep of Administration Center including: janitorial, maintenance and repair of interior and exterior, etc.
  - Hire, supervise and dismiss all employees and independent contractors required for operation and maintenance of premises.
  - Execute service contracts for utilities and services for operation, maintenance and safety of projects.
  - Maintain key bank availability.
  - Maintain quality control on all contractual service providers.
  - Provide follow up to ascertain that repair and maintenance providers complete all work satisfactorily.
- C. General Administration and Management
- Prepare agenda materials for Authority meetings and report on all Authority activities.
  - Represent the Authority as directed to local governments, the Universities and such other agencies as appropriate.
  - Administer the Authority's purchasing guidelines.
  - Administer the Authority's development regulations.
  - Provide payment requests and revenue receipts to the Authority's Recording Secretary, Accountant and Treasurer.
  - Prepare and submit an annual budget, including revenue and expenditure projections. Manage expenses in accordance with approved budgets.
  - Attend all public meetings at which park matters are considered.
  - Represent Authority in dealing with engineers and other professionals on items such as obtaining easements, supervising road construction, arranging for utility installation, obtaining zoning changes, etc.
  - Prepare grant applications on behalf of the Authority.
  - Obtain bids for park infrastructure construction and act as Owners Representative in supervising construction.
  - Coordinate activities with and provide support to the Park Development and Leasing Agency. Work with leasing agency to develop long range plans for the development of the park.
  - Monitor construction projects undertaken by the Development and Leasing Agency for conformance with the Authority requirements and lease agreements.
  - Review proposed leases or sale agreements and provide analysis and recommendations to the Authority.



# Maintenance Supervisor

## Job Description

---

The Maintenance Supervisor is responsible for general care and maintenance of Innovation Park and the buildings owned and managed by the Authority. This includes, routine inspections, identifying and reporting maintenance problems, performing minor repair and maintenance tasks, contacting and assisting subcontractors as needed, assisting and working with tenants, obtaining supplies and record keeping of maintenance functions.

### **DUTIES:**

- Check in daily at office for work requests
- Be courteous and respectful to tenants and visitors
- Monthly inspection and log of elevator safety check
- Monthly inspection and log of emergency lights, fire exit lights and fire extinguishers
- Monthly inspection of fuel for the emergency generator at the Johnson Building.
- Bi-monthly walk through of buildings for visual inspection for damage or repairs needed to lighting, ceiling tiles, walls, carpets, restrooms etc.
- Inspect and adjust time clocks for HVAC and exterior lighting as needed
- Collect and recycle used light bulbs and batteries.
- Work with Executive Director to generate purchase orders for supplies. Pick up supplies from the various locations.
- Routine inspections of general park conditions, correcting when possible, or reporting to office if a subcontractor needs to be engaged.
- Meet/assist subcontractors, inspectors and give access to buildings
- Deliver/post notices of park events and newsletters
- Respond to tenant repair requests when appropriate.
- Log and report all problems to Office Manager or Executive Director.
- Review work orders and match with invoices for payment
- Review and maintain subcontractors file with up to date insurance certificates.
- Assist Office Manager with bank deposits and deliveries
- Keep timesheet and record of work as needed for billing purposes
- Miscellaneous repairs as needed.

## **Maintenance Supervisor Job Description**

---

- Other duties as directed by Office Manager and Executive Director

# Office Manager

## Job Description

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The Office Manager is responsible for the operations of the Administration Centre at Innovation Park. This includes responsibility for all the official record keeping for the Authority. It also includes: property management, leasing, tenant relations, preparing and submitting state and federal reports, organizing and recording of meetings, and all accounting functions.

### **DUTIES:**

#### **Accounting:**

- i. **Payroll**
  - Process monthly payroll for all employees
  - Maintain employee files and update as needed
  - Prepare and process monthly payroll taxes
  - Prepare/File quarterly 941-taxes
  - Prepare end of year W-2's & W-3 forms
  - Maintain all leave time for employees (sick, annual & personal)
- ii. **Accounts Payable**
  - Process payments to all vendors/subcontractors twice a month
  - Match invoices with contracts/purchase orders to insure accuracy
  - Prepare/File end of year 1099 & 1096 tax forms
  - Create/Update all vendor/subcontractor files (contracts, certificate of insurance & general correspondence)
  - Maintain open communication with all vendors/subcontractors
- iii. **Accounts Receivable**
  - Process monthly invoice's for leases, pest control, scheduled maintenance, misc. maintenance, utilities for all tenants
  - Process quarterly/annual common area fees and insurance for all tenants
  - Bill administrative tenants for copier and fax usage
  - Prepare/File monthly sales tax reports
  - Distribute the resale certificate for sales tax to each tenant that pays sales tax
  - Maintain open communication with tenants and their representatives
  - Collect any outstanding invoices 30-days or more past due
- iv. **General Ledger**
  - Post/Record all daily transactions as needed
  - Balance all ledger accounts to the balance sheet and income statement
  - Complete all end of month journal entries
- v. **Cash Management**
  - Reconcile monthly bank statements for all accounts
  - Make daily, weekly deposits as needed
  - Prepare all checks for the Directors signature
  - Responsible for petty cash balance and replenish as needed
- vi. **Budget**
  - Prepare/Submit the annual budget each year for approval

## Office Manager Job Description

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- Distribute the approved budget to all governmental agencies and financial institutions as required
- vii.     **Audit**
- Begin detailed work on budget materials in September for audit conclusion in February
  - Work closely with auditors to supply all docs/material required for the internal audit
  - Prepare all close out journal entries at year end
  - Prepare/File the Public Deposit Report each year as required
  - Prepare the annual managements discussion & analysis for the audit
  - Work with the auditors to update the notes to the financial statements
  - Responsible for the annual workman's compensation audit
- viii.    **General & Other**
- Update all inventory items as purchased or disposed of
  - Issue inventory tags to all furniture/equipment purchases secured by bonds
  - Distribute mail
  - Prepare/File bi-annual BOG attendance report for the BCC
  - Organize the monthly BOG & DRC meetings
  - Attend all BOG & DRC meetings
  - Schedule meetings and conferences, provide agendas and background information, prepare minutes and distribute materials to board members
  - Transcribe dictation (by shorthand or machine method) that may include extensive architectural, engineering or legal terminology
  - Prepare/Present the monthly summary report to the BOG
  - Prepare/File all incoming board members Oath of Office with the Clerk of Courts & the Division of Elections office
  - Recordkeeping for all past and current board members and their time in office
  - Prepare/Distribute the scheduling calendar each year
  - Prepare/Advertise the monthly BOG & DRC meetings in the Tallahassee Democrat & The Administrative Weekly
  - Prepare/Submit the proposed annual common area fees and seek board approval
  - Maintain office supplies/materials and equipment inventory
  - Answer Federal, State, County and City general correspondence
  - Prepare RFP's for the park insurance and accounting services, evaluate responses and bring before the board for approval
  - Maintain all office files
  - Assist Park Director with tenant and facility management
  - Update all workstation to insure continued usage (virus protection software)
  - Perform all technical issues with the network and handle all network admin. duties
  - Other duties assigned by the Park Director & Board Members
  - Coordinate/Assist with tenant events (pilates, bake sale and annual craft show)
  - Responsible for record management & disposal
  - Prepare/Update lease spreadsheet to insure that all leases are up-to-date
  - Research all bond documents to insure all stipulations/requirements are followed
  - Research investment opportunities for the cash on hand
  - Maintain a professional and courtesy approach at all times



**TAB 2**



# INNOVATION PARK

A RESEARCH AND DEVELOPMENT CENTRE

## 2008-2009 Marketing and Communications Plan



**saltermitchell**  
advertising + public relations + behavior change

# Goal #1

## ► Attract New Tenants

- Regional/Local – University Startups, Entrepreneurs
- National – Work with the Tallahassee/Leon County EDC

[ Technology Transfer ]

**nanoStrata**  
Tallahassee (FSU)

Joseph B. Schlenoff, chairman of the Department of Chemistry and Biochemistry, Florida State University; president of nanoStrata

Spun off: 2000

Sales: \$120,000 to \$150,000 by selling eight to 10 robots at \$15,000 each

Market: University research labs

"We invented a widget. It was a useful widget. People asked us if they could buy them," says Schlenoff. The robot, which uses technology licensed from Schlenoff's research at Florida State University, speeds up the process of coating slides used in biotech applications and also makes the process more precise.

Working out of a small shop at Innovation Park, a research and development park affiliated with Florida State University and Florida A&M University, Schlenoff, his wife and their one employee work with local suppliers to produce the robots and sell them to institutions in the U.S., Hong Kong, Australia, the Middle East and Sweden. The firm markets only by word of mouth, trying to limit growth to a level that Schlenoff can handle. "I'm very concerned about keeping quality control."

Schlenoff says he's interested in selling the company, in part because there are other projects he'd like to develop. 

**Technology:**  
Robot that makes multilayered laboratory samples by dipping slides into polymer solutions

Joseph Schlenoff



# Goal #2

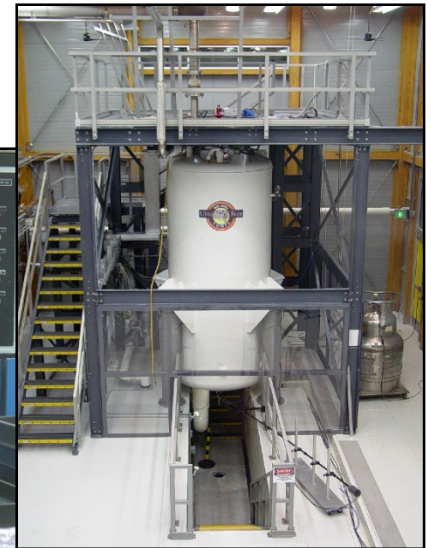
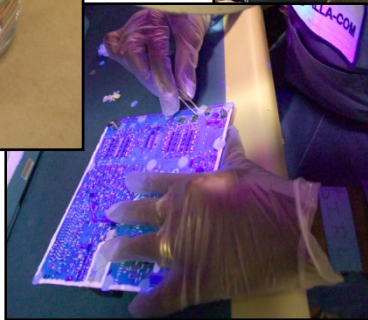
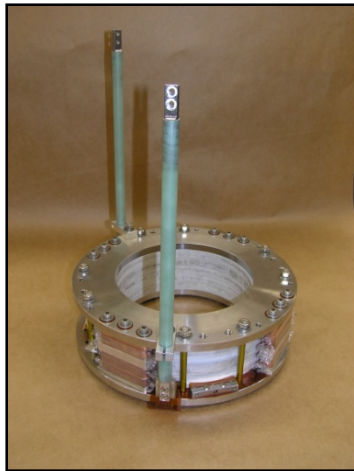
- Develop support network by increasing opportunities for tenants to interact with the Universities and Private Sector





# Goal #3

- ▶ Continue to raise awareness of Innovation Park, its tenants and the LCRDA



# Objectives

- ▶ Increase target audience visits to the Park by hosting ten (10) activities
- ▶ Increase awareness of the Park by placing at least eight (8) news stories
- ▶ Raise awareness of the Park and the LCRDA by supporting and/or collaborating on six (6) economic development and/or tech-related activities

# Target Audiences

- ▶ Researchers, Scientists, Engineers
- ▶ University Personnel
- ▶ Entrepreneurs
- ▶ Technology-related Business Owners and Employees
- ▶ Innovation Park tenants and employees
- ▶ Elected officials – state, local, federal
- ▶ Prospective Tenants

# Strategies

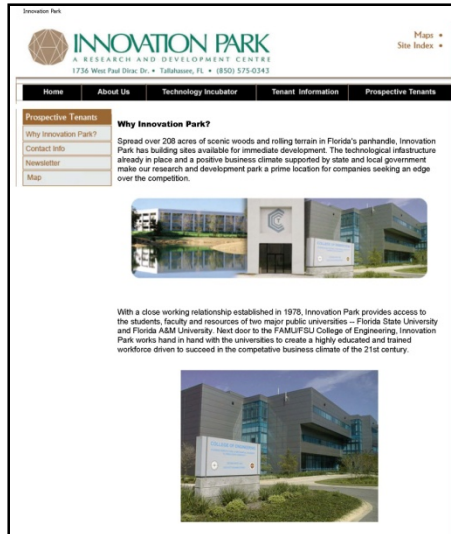


- Identify and coordinate events and programs that create synergy and partnership opportunities in the public and private sector

- Engage existing Park employees with activities that allow enjoyment of Park amenities and networking opportunities



# Strategies



- ▶ Utilize Innovation Park marketing materials to reach, educate and inform target audiences

- ▶ Promote the companies in the Incubator to attract and recruit other small tech-based businesses and entrepreneurs





# Strategies

- ▶ Promote the companies finding success with Innovation Park and LCRDA resources



- ▶ Attract outside industries to Innovation Park through events, media coverage and community partnerships with EDC and universities



**INNOVATION PARK**  
A RESEARCH AND DEVELOPMENT CENTRE

# 2008-2009 Marketing and Communications Plan

## LETTER OF AGREEMENT

Agreement made this 21 day of March 2008, between **Salter>Mitchell** (herein referred to as **Agency**), and the **Leon County Research and Development Authority** (herein referred to as **Client**).

Whereas the Client desires to renew the contract for services of the Agency, it is hereby agreed as follows:

### **1.) Appointment of the Agency**

For the purposes of this agreement, the Agency is retained and appointed to represent/advise the Client subject to the terms and conditions of this Agreement.

### **2.) Agency Services**

The Agency shall provide marketing and public relations services for the client. Such efforts will include actions throughout the term of this contract – e.g., planning and execution of media and marketing strategies as presented in the 2008-2009 Marketing & Communications Plan Outline for the Leon County Research and Development Authority submitted March 18, 2008.

As the Client's Agency and Representative, we shall perform the following services to meet the Client's needs and goals:

- Provide advice and counsel to members of the Authority and staff
- Provide media and public relations services to increase awareness of the Leon County Research and Development Authority, Innovation Park and the tenants
- Execute specific strategies and tactics to execute the marketing plan outline
- Provide other reasonable services to assist client to achieve its objective

### **3.) Duration of Agreement**

This contract is a renewal contract and continues services provided to the Client. The services to be rendered by the Agency, under this Agreement, for which a fee shall be paid and shall continue from the date of this contract through September 30, 2009.

### **4.) Fees and Schedules**

The Client shall continue to pay the Agency an annual fee of \$60,000 (\$5,000 x 12 months service) for professional public relations services, with \$5,000 paid each month from the date of this contract through September 30, 2009. Professional public relations services include time spent on the Client's behalf by Agency staff and principal. **Please note that the Agency bills on the 25<sup>th</sup> of each month for the next month's work and payment will be due on the 5<sup>th</sup> of the month for which work is to be performed.**

### **5.) Expenses/Third Party Costs**

The Agency will bill the Client separately for expenses incurred in the execution of this agreement, with expenses billed to the Client on a monthly basis. Please note that all expenses must be pre-approved by the client.

The Client will be responsible for payment of third party costs, if any, **with prior Client approval** of the third party costs, and upon timely submission of a detailed invoice from the Agency. In no case will the Agency incur such costs without the authorization of the Client. In the event that Client desires to purchase television, radio, newspaper or similar media, Client agrees to pay Agency standard media commission of 17.65 percent.



**6.) Adherence to Code of Ethics**

The Agency's senior managers have all received universal accreditation as an Accredited Public Relations Professional (APR), by the Public Relations Society of America and as such, the Agency is bound by the Code of Ethics of that organization. At all times, the Agency and employees of the Agency will adhere to the strict professional guidelines contained in the Code which covers such areas as maintaining client confidentiality during and after the Agency provides services, adhering to strict standards of accuracy and truth, etc. A copy of the Code of Ethics is available upon request.

**7.) Authorization of Agency**

The Agency is hereby authorized to enter into agreements with third parties, with required prior written approval from the Client, to effectuate the purposes of this Agreement. The Client indemnifies the Agency as to any liability to such parties for all payments due there under. The Agency shall exert best efforts to prevent any loss to the Client resulting from the failure of proper performance by any third party. But the Agency shall not be held liable or responsible to the Client for any such failure.

**8.) Modification**

This writing contains the entire Agreement of the Parties and shall be subject to modification only by subsequent writing signed by the parties hereto.

**9.) Indemnification Clause**

Should it be necessary for either party to this Agreement to institute legal action to enforce any provision of the Agreement, the parties agree to submit the dispute to binding arbitration, with each side responsible for its own attorney's fees.

**10.) Florida Law**

This Agreement shall be subject to, interpreted by, and enforced under Florida Law. Without limiting the foregoing, this Agreement shall be subject to the provisions of Florida Statutes, and nothing set forth herein shall require either the Client or the Agency to act in a manner which is inconsistent with such provisions of law.

**11.) Ownership Interest**

It is understood that the Agency shall have no ownership interest or claim to any logos, promotional materials and other media commissioned under this Agreement.

**12.) Client Information**

Client Name: Leon County Research & Development Authority (LCRDA)  
Client Billing Address: Innovation Park  
1736 W Paul Dirac Dr.  
Tallahassee, FL 32301

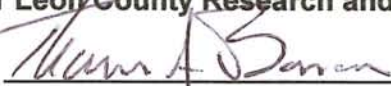
Key Contact: Linda Nicholzen  
Title: Innovation Park Executive Director  
Phone: (850) 575-0343  
Cell Phone: (850) 294-6911  
Fax: (850) 575- 0355  
E-mail address: [innpark@embarqmail.com](mailto:innpark@embarqmail.com)

Billing Contact: Shanna Lewis  
Title: Innovation Park Office Manager  
Phone: (850) 575-0343  
Cell Phone: (850) 528-1134  
Fax: (850) 575-0355  
E-mail address: [lcrda@embarqmail.com](mailto:lcrda@embarqmail.com)

If the Client is tax exempt, please provide a copy of Consumer's Certificate of Exemption (DR-14) or other appropriate documentation.

Executed as of the date first written above  
For Leon County Research and Development Authority

By



DATE

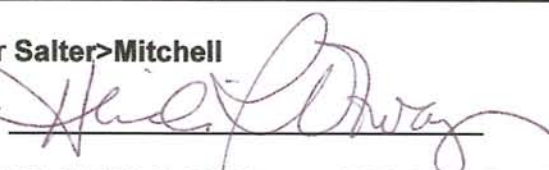
6/17/08

PRINT NAME

Thomas A. Barron

For **Salter>Mitchell**

BY



DATE

6/23/08

PRINT NAME Heidi Otway, APR, Vice President of Public Relations





## **Marketing and Public Relations Services**

The Leon County Research and Development Authority is seeking a firm to provide marketing and public relation services. **Submissions must be received by noon on Monday, October 14th at the Administrative Centre, 1736 W. Paul Dirac Drive.**

It is the intention of the Leon County Research and Development Authority to negotiate services with providers that they determine to be best able to provide the required services. The firms will be evaluated by their proposed action plan, experience, reputation, workload, and references for similar services. Goals and objectives for the project are outlined below.

### **Background**

The Leon County Research and Development Authority began development of Innovation Park in 1978. The inspiration for the park came from the private business sector. The idea was to create a research and development park to attract technology based industries. The park was modeled after the Research Triangle in N. C. The goal was to create jobs and diversify the economy. The park affiliated with FSU and FAMU. The park received support and development grants totaling approximately \$6 million from many sectors of the community, including the federal government, the state, the county, the city, the private sector, and the universities.

University research parks exist throughout the USA and the world. Research parks are considered long term economic development projects and have narrow selective criteria for tenants. Nationwide, Innovation Park has developed at or ahead of the average research park. There are 14 buildings in Innovation Park with 30 organizations employing 1500 citizens. Today the Authority's equity in the park is \$20 million.

### **Goals and Objectives**

The need for services is in two phases. The first phase is to inform the local community, local and state government about the accomplishments of the Leon County Research and Development Authority.

Current development strategy for Innovation Park is to increase the focus on local business development and business incubation. The strategy also includes a strong commitment to community outreach effort in order to create awareness of all that has taken place at Innovation Park and, to build support for the mission and concept of a community owned and managed research park. Activities in this phase need immediate action.

The second phase is to provide professional marketing services for Innovation Park. The objective is to attract community friendly business and technology firms. The market would include both local and remote industries. Phase two would be negotiated after phase one.

**All submittals must include:**

1. An informational statement about the firm and their ability to perform the requested services (how long in business, the number of employees, work experience, current workload, personnel assigned to project, etc.).
2. A list of three client references (including a contact name and phone number),
3. An outline of your suggested action plan
4. A suggested budget outlining fees, production costs, and expenses.

**Budget**

It is anticipated that the budget for phase one of the project would not exceed \$25,000.

**Enclosures**

Enclosed is information on Innovation Park. This includes our current marketing brochure. Contact Linda Nicholzen at 575-0343 with any questions.

The Leon County Research and Development Authority reserves the right to reject any and all submissions.

**TAB 3**

**INSURANCE BIDS 09-10**

rcvd. 10/13/09

	Firm/Agent	Fl. League of Cities	Franklin	Croley	Lassiter-Ware
Location		Tallahassee	Tallahassee	Tallahassee	Leesburg
Policy Period 1-yr		X	X	X	X
Carrier		Fl. Municipal Ins. Trust	Valley Forge (C.N.A.)	Nationwide Columbia Casualty(C.N.A)	Arch Specialty Ins.
Florida Admitted		Self Insured Trust	X	Admitted Eligible	Admitted
Rating / A.M. Best A XV A=Excellent A+=Superior XV=2-Billion or greater		Trust's are not rated (see Financial stmt.)	A XV	A+XV / AXV	A XV
Coinsurance 90%		90%	90%	90%	90%
Building Coverage 21,193,900		21,249,500	X	X	X
Deductible 1,000		X	X	5,000	X
Personal Property 40,600		X	X	X	X
Loss of Income 2,001,563		1,536,940	X	1,228,294	X
Signs 15,000		25,000	X	X	X
General Liability 2,000,000		5,000,000 *	X	X	X
Each Occurance 1,000,000		ditto	X	X	X
Personal Injury 1,000,000		ditto	X	X	X
Medical Expense 5,000		ditto	X	X	X
Fire Legal 100,000		250,000	X	X	X
Auto Hired and Non-Hired 1,000,000		X	1,000,000	1,000,000	1,000,000
Crime 50,000		X	X	X	X
Umbrella 10,000,000		0.00*	X	X	X
Extra's		See Proposal	See Proposal	System Prot. 16,987,000	See Proposal
Wind Deductible		3% **	25,000 ***	2%	2%
Authority's Liability		637,485	25,000	424,990	424,990
TOTAL PREMIUM:		72,910.00	75,529.66	82,884	87,769.97

**Notes:**

\* Agent stated unable to provide umbrella policy, increased liability to 5,000,000

\*\*Agent unable to quote a lower wind deductible

\*\*\*Wind Deductible recommends 25,000, but can write with a 3% for a reduced premium.

Options: Terrorism add 1,935

**X=Meets Requirements**
**Blue=Exceeds Requirements**
**Red=Less than Requested**

Premium Total reduces to **\$66,962** with a 2% deductible. Agent does not recommend Authority's exposure would be \$425,000

## Request for Proposals

The Board of Governors of the Leon County Research & Development Authority is requesting proposals from qualified insurance companies/agencies for insurance services at Innovation Park. Insurance companies must have a rating of at least A.M Best A XV.

### COVERAGE TO INCLUDE:

Commercial property (approximately \$20-million), general liability, inland marine, auto coverage and systems protector.

For a detailed proposal please contact Ms. Lewis at 850-575-0031 and one will be emailed or mailed per your request.

All proposals must be received no later than 11:00 a.m. on Tuesday, October 13, 2009 at the Leon County Research & Development Authority office located at Innovation Park Administration Office, 1736 West Paul Dirac Drive, Tallahassee, FL, 32310. If you have any questions, call Ms. Lewis at (850)-575-0031.

The Leon County Research & Development Authority reserves the right, at its discretion, to reject any and all proposals made with respect to the insurance coverage of Innovation Park.

The Leon County Research & Development Authority is an equal opportunity employer.



**TAB 4**

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

FINANCIAL STATEMENTS

Year Ended September 30, 2008

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
Tallahassee, Florida  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2008

C O N T E N T S

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

Statement of Net Assets, September 30, 2008 EXHIBIT A

Statement of Revenues, Expenses and  
Changes in Net Assets  
Year Ended September 30, 2008 EXHIBIT B

Statement of Cash Flows,  
Year Ended September 30, 2008 EXHIBIT C

Notes to Financial Statements

Supplementary Information:

Independent Auditor's Report on  
Supplementary Information

Schedule of Other Expenses,  
Year Ended September 30, 2008 SCHEDULE 1

Schedule of Revenues and Expenses with  
Budget and Variance,  
Year Ended September 30, 2008 SCHEDULE 2

Independent Auditor's Report on Internal  
Controls and Compliance LETTER 1

Letter of Management Comments and  
Recommendations LETTER 2

Appendix

Response to Management Letter LETTER 3

# **SANDERS, HOLLOWAY & RYAN**

*Certified Public Accountants*

**2878 MAHAN DRIVE**

**POST OFFICE BOX 4144**

**TALLAHASSEE, FLORIDA 32315**

**VERNON E. SANDERS, C.P.A.**

**T. E. "JOE" SANDERS, C.P.A.**

**DAN W. HOLLOWAY, C.P.A.**

**MARK J. RYAN, C.P.A.**

**TELEPHONE (850) 222-1608**

**FACSIMILE (850) 222-2982**

**E-MAIL: CPA@SSandHcpa.com**

**MEMBERS**

**AMERICAN INSTITUTE OF**

**CERTIFIED PUBLIC ACCOUNTANTS**

**FLORIDA INSTITUTE OF**

**CERTIFIED PUBLIC ACCOUNTANTS**

**CHRIS C WALLACE, C.P.A., C.F.E.**

**HOLLY W. HURSEY, C.P.A.**

## INDEPENDENT AUDITOR'S REPORT

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

We have audited the accompanying financial statements of the Leon County Research and Development Authority (the Authority), an enterprise fund, as of September 30, 2008 and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leon County Research and Development Authority as of September 30, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report (Letter 1) dated February 6, 2009 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Sanders, Holloway & Ryan*

Sanders, Holloway & Ryan  
Certified Public Accountants  
February 6, 2009

## LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's management discussion and analysis presents an overview of the Authority's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the Authority's financial statements.

The Authority has implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. This statement requires governmental entities to report finances in accordance with specific guidelines. This section of the report is intended to provide a brief, objective, and easily readable analysis of the Authority's financial performance for the year and its financial position at fiscal year end September 30, 2008.

### Overview of the Financial Statements

The Authority is supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The basic financial statements for a Enterprise Fund include: Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows. The basic financial statements provide readers with a broad view of the Authority's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### Financial Analysis

A comparison summary of the Statement of Net Assets is presented below:

Summary of Net Assets			
	2008	2007	% Change
Current and Other Assets	\$ 4,756,412	\$ 4,913,368	-3.2%
Capital Assets, Net of Depreciation	13,924,423	14,155,064	-1.6%
Non-current Assets	59,988	63,290	-5.2%
<b>Total Assets</b>	<b>18,740,823</b>	<b>19,131,722</b>	<b>-2.0%</b>
Current Liabilities	786,014	956,615	-17.8%
Non-current Liabilities	5,246,351	5,887,977	-10.9%
<b>Total Liabilities</b>	<b>6,032,365</b>	<b>6,844,592</b>	<b>-11.9%</b>
Invested in Capital Assets	10,491,199	10,605,804	-1.1%
Restricted Net Assets	353,223	426,807	-17.2%
Unrestricted Net Assets	1,864,036	1,254,519	48.6%
<b>Total Net Assets</b>	<b>\$ 12,708,458</b>	<b>\$ 12,287,130</b>	<b>3.4%</b>



LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Non-current assets consist of unamortized bond costs.

Invested in Capital Assets represent the Authority's long-term investment in capital assets, net of accumulated depreciation, and is not available for current operations. Restricted net assets consist of restricted cash designated for current construction projects.

A comparative summary of changes in net assets is presented below:

Summary of Changes in Net Assets			
	2008	2007	% Change
Operating Revenues (Lease Revenue and Other)	\$ 1,874,959	\$ 1,483,490	26.4%
Non-operating Revenues	99,534	244,061	-59.2%
Total Revenues	1,974,493	1,727,551	14.3%
Operating Expenses	1,387,237	1,159,355	19.7%
Non-operating Expenses	165,928	125,181	32.6%
Total Expenses	1,553,165	1,284,536	20.9%
Change in Net Assets	\$ 421,328	\$ 443,015	-4.9%

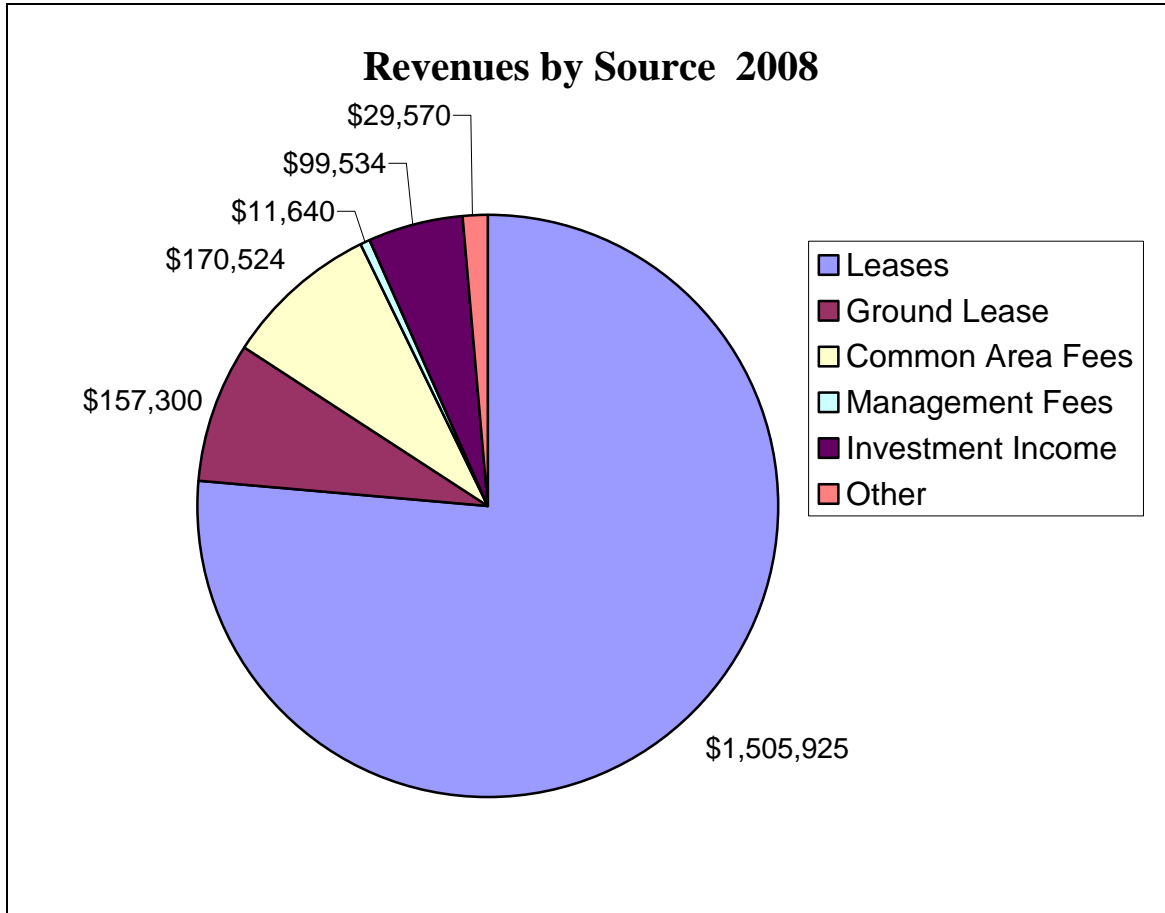
Total revenues and total operating expenses increased, with a decrease in net assets over the prior fiscal year.

The Authority is reliant upon continued tenant occupancy for future financial stability. In order to expand its role to support economic development and attract technology related businesses to Innovation Park, the Authority approved funding for the Innovation Park Technology Commercialization Grant Program. This program, now in its fourth year, offers financial assistance to technology-related products and services for companies with commercial potential. Grant monies of \$52,000 were disbursed to eligible grantees in fiscal year 2008.

Other initiatives made by the Authority involve updating the Authority's master plan. The Authority intends to collect feedback from Innovation Park tenants to gather suggestions and ideas for future growth and development. The estimated cost for park planning, development and capital improvements for 2009 is \$543,000.

**LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Graphic presentation of income data from the summary tables follow to assist in the analysis of the Authority's activities for fiscal year 2008:



As graphically portrayed above and discussed earlier, the Authority is heavily reliant on tenant leases to support operations. Tenant leases provided 76% of the Authority's total revenues for fiscal year 2008. Other fees consist of impact fees and miscellaneous income.

**Budgetary Highlights**

The Authority's revenue budget for fiscal year 2008 was approximately \$1,860,001. This was an increase of \$193,093 over the previous year budget. (Please see page 30 for budget comparison report).

LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Authority ended the year with a net budget surplus of \$421,328. A substantial amount of the surplus resulted from lower expenditures than budgeted for the Authority's Master Plan, Plan Unit Development (PUD), Development of Regional Impact (DRI) and Economic Development. The amount budgeted for these activities was \$615,000; the related expenditures for 2008 was \$165,277.

**Contacting the Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Leon County Research and Development Authority's office at 1736 West Paul Dirac Drive, Tallahassee, Florida.

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2008**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 4,045,844
Accounts Receivable- Leases and Other	351,290
Accrued Interest Receivable	6,055

Total Current Assets	\$ 4,403,189
----------------------	--------------

**RESTRICTED ASSETS**

Cash and Cash Equivalents	353,223
---------------------------	---------

**NON-CURRENT ASSETS**

Bond Issue Costs, Net of Amortization	<u>59,988</u>
---------------------------------------	---------------

Total Non-current Assets	59,988
--------------------------	--------

**CAPITAL ASSETS**

Buildings	19,941,005
Equipment and Furnishings	79,647
Improvements	349,223
Land	635,921
Park Development Costs	<u>518,770</u>

Total	21,524,566
Less Accumulated Depreciation	<u>(7,600,143)</u>

Total Capital Assets	<u>13,924,423</u>
----------------------	-------------------

<b>TOTAL ASSETS</b>	<b><u>\$ 18,740,823</u></b>
---------------------	-----------------------------

Read Accompanying Notes to Financial Statements.

EXHIBIT A

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2008**

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	\$ 47,985	
Accrued Compensated Absences	19,140	
Accrued Interest Payable	3,845	
Unearned Revenue	589,288	
Current Maturities on Long Term Debt	<u>125,756</u>	
Total Current Liabilities		\$ 786,014

**NON-CURRENT LIABILITIES**

Bonds Payable	3,367,456
---------------	-----------

**UNEARNED REVENUE**

	<u>1,878,895</u>	
Total Non-Current Liabilities and Unearned Revenue		5,246,351

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	10,491,199	
Restricted for Capital Projects	353,223	
Unrestricted	<u>1,864,036</u>	
Total Net Assets		<u>12,708,458</u>

<b>TOTAL LIABILITES AND NET ASSETS</b>		<b><u>\$ 18,740,823</u></b>
----------------------------------------	--	-----------------------------

Read Accompanying Notes to Financial Statements.

EXHIBIT A



**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
TALLAHASSEE, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
Year Ended September 30, 2008**

**OPERATING REVENUES**

Leases	\$ 1,505,925
Ground Lease	157,300
Common Area Fees	170,524
Management Fees	11,640
Other	<u>29,570</u>
 Total Operating Revenues	 \$ 1,874,959

**OPERATING EXPENSES**

Salaries and Employee Benefits	185,884
Depreciation Expense	572,955
Other Expenses	<u>628,398</u>
 Total Operating Expenses	 <u>1,387,237</u>

**Operating Income** 487,722

**NON-OPERATING REVENUE (EXPENSES)**

Investment Income	99,534
Amortization Expense	(4,137)
Interest Expense	<u>(161,791)</u>
 Total Non-Operating Revenue (Expenses)	 <u>(66,394)</u>

**Change in Net Assets** 421,328

**NET ASSETS, BEGINNING OF YEAR** 12,287,130

**NET ASSETS, END OF YEAR** \$ 12,708,458

Read Accompanying Notes to Financial Statements.

EXHIBIT B

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**Year Ended September 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received From Tenants	\$ 1,207,948
Cash Payments to Suppliers for Goods and Services	(517,993)
Cash Payments to Employees and Professional Contractors for Services	(472,838)
Other Operating Revenues	<u>29,570</u>

**Net Cash Provided (Used) by Operating Activities** **246,687**

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	(336,103)
Principal Paid on Bonds	(125,756)
Interest Paid on Bonds	<u>(161,923)</u>

**Net Cash Provided (Used) by Capital and Related Financing Activities** **(623,782)**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and Dividends on Investments	<u>99,534</u>
---------------------------------------	---------------

**Net Cash Provided (Used) by Investing Activities** **99,534**

**Net Increase (Decrease) in Cash and Cash Equivalents** **(277,561)**

**Cash and Cash Equivalents, Beginning of Year** **4,676,628**

**Cash and Cash Equivalents, End of Year** **\$ 4,399,067**

**Reconciliation of Operating Income to Net Cash**

Provided by Operating Activities:

Operating Income \$ 487,722

Adjustments to Reconcile Operating Income to

Net Cash Provided by Operating Activities:

Depreciation	572,955
Unearned Revenue, Johnson Building	(230,112)
Unearned Revenue, Shaw Building	(286,594)
(Increase) Decrease in Accounts Receivable	(121,233)
Increase (Decrease) in Accounts Payable	(178,120)
Increase (Decrease) in Unearned Revenue	498
Increase (Decrease) in Compensated Absences	<u>1,571</u>

**Net Cash Provided (Used) by Operating Activities** **\$ 246,687**

Read Accompanying Notes to Financial Statements.

EXHIBIT C

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
Tallahassee, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY (the Authority) was created by the Leon County Board of County Commissioners pursuant to County Ordinance No. 80-68 pursuant to the requirements of Section 159.703, Florida Statute as amended in 1987. The Authority is constituted as a public instrumentality for the purposes of development, operation, management, and financing of a research and development park, and the exercise by an Authority of the powers conferred by Section 159.701 through 159.7095, Florida Statutes as amended in 1987, and shall be deemed and held to be the performance of an essential public purpose. The administrative offices of the Authority are located at 1736 West Paul Dirac Drive, Tallahassee, Florida. The purpose of the Authority as Section 159.701 was amended in 1989, is the promotion of scientific research and development in affiliation with and related to the research and development activities of one or more state-based, accredited, public or private institutions of higher education; including facilities that complement or encourage the complete operation thereof as defined by, and in the manner provided by, the Florida Industrial Development Financing Act; and for the purpose of fostering the economic development and broadening the economic base of a county in affiliation with one or more institutions of higher education.

The Authority has acquired land within Leon County to perform any and all functions related or incidental to the operations of the Park, also referred to as Innovation Park/Tallahassee. The Park is to provide a compatible location where selected applied research operations can be established to build upon and mutually benefit the economy of North Florida, the research capabilities of Florida A & M and Florida State Universities, and the services of Florida's capital city.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principles – The Authority follows the provisions of Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued by the Governmental Accounting Standards Board.

The Authority has established one enterprise fund, which accounts for construction of improvements and leases of property within the Research Park. As such, it hires consultants and contractors to build and construct commercial buildings and infrastructure within the Park. The enterprise fund is also used to collect the lease revenues and is charged with the responsibility of servicing the revenue bonds of the Authority (See Note 4).

Accounting Basis - Assets, liabilities, revenues and expenses have been recorded on the accrual basis of accounting. As allowed by Governmental Accounting Standard Board Statement No. 20, the Authority follows all applicable standards issued by the Financial Accounting Standards Board.

Reporting Entity - The Authority was notified on October 22, 1991 by the Office of the Comptroller, Department of Banking and Finance, State of Florida, that it had been re-classified from an independent to a dependent special district. The Authority has been notified by Leon County, its governing authority that the County does not view the Authority as a component unit of Leon County and therefore the Authority should continue to issue separate financial reports.

Budgetary Accounting - As a dependent special district, the Authority adopts an annual operating budget prepared on the accrual basis of accounting which is consistent with generally accepted accounting principles.

Cash and Cash Equivalents - Cash and cash equivalents are cash in checking, investments in money market funds, pooled investments and US Treasury notes (including restricted cash) purchased with an original maturity of three months or less.

Revenue Recognition - Revenue is recognized when collectibility is reasonably assured or the amount that will be collected can be estimated.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets – Capital Assets are carried at cost. The cost of buildings, improvements and equipment and furnishings is depreciated using the straight-line method based on the following estimated lives:

Buildings	10-40 Years
Improvements	5-20 Years
Equipment and Furnishings	5-8 Years

Beginning October 1, 1986, capital outlays for the construction of streets, parks, water and sewer lines and other types of infrastructure expenditures are capitalized and included in improvements. To date, all such completed projects have been transferred and accepted by the City of Tallahassee.

Amortization - The costs of obtaining bonded debt are deferred and amortized over the life of the bonds using the straight-line method.

Accounts Receivable- Leases and Other - Included in accounts receivable is \$180,450 for leases, \$20,636 for common area fees, \$148,264 for tenant re-billing and \$1,940 for management fees.

Restricted Cash - Included in restricted cash is \$353,223 designated for the completion of capital projects.

### NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents – All deposit accounts of the Authority are placed in banks that qualify as a public depository, as required by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. Cash and cash equivalents are recorded as follows:



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - CASH AND INVESTMENTS (Continued)

	<u>Value Method</u>	<u>Rate/ Maturity</u>	<u>Principal Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Government					
Advantage Interest		1.6%			
Checking	Cost	10/01	<u>\$ 4,399,067</u>	<u>4,399,067</u>	<u>\$ 4,399,067</u>

As to credit risk, the above cash and cash equivalents are classified as Category 1, \$ 100,000; Category 3, \$ 4,299,067.

Investments – The Authority has elected to limit its investments to those allowed under Florida Statute 218.415(17). There were no carrying amounts for investments at September 30, 2008.

### NOTE 3 - GROUND LEASE

The Authority entered into an agreement January 28, 1980 with the State of Florida Board of Trustees of the Internal Improvement Trust Fund (the Board) to lease park lands from the Board comprised of approximately 207.92 acres for a period of 94 years from the date thereof. The agreement does not call for any lease payments from the Authority but specifies that the park lands shall be used for research, design, development, light manufacturing and assembly, educational and related purposes in furtherance of essential public purposes.

### NOTE 4 – LONG-TERM DEBT

Long-term debt consists of bonds payable at September 30, 2008 less the current maturities.

DBPR Project - In order to have a more favorable match of the lease revenue with the debt service in the final years of the bond term and to gain a more favorable interest rate, the Authority elected to refinance its original March 27, 1987 DBPR Building Bond Issue. (Also referred to as the Centennial Building)

On May 1, 2000, the Authority issued the Leon County Research and Development Authority Revenue Refunding Bond, Series 2000C (Series C) in the amount of \$1,274,463 for the Centennial Building.

As security for the Series C Bond, the Authority irrevocably and unconditionally assigned all revenues from the underlying leases from the users of the buildings until the Bond is paid in full. The Bond is not a general obligation of the Authority but it is a limited obligation payable solely and only from the revenues and other amounts derived from the operations of the Centennial Building.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4 – LONG-TERM DEBT (Continued)

Beginning June 1, 2000, Series C is payable in monthly installments of \$17,404 until maturity on December 3, 2007, including interest at 5.9% per annum.

The above State of Florida underlying lease is a year-to-year lease subject to annual appropriation by the State of Florida, with contemplated renewals that equal or exceed the repayment term of the bond or certificate of participation which it secures. Under the terms of the above referenced lease, the respective state agency has agreed not to seek appropriations for relocation during the period the bond or certificate of participation is outstanding.

On December 21, 2005, the Authority elected to redeem the outstanding principal balance in the amount of \$393,102 plus interest in the amount of \$1,288. A portion of proceeds from a new bond issue was used for the redemption (See Centennial Project).

#### Centennial Building Project

On December 21, 2005 the Authority entered into an agreement with Wachovia Bank, National Association, relating to the issuance of the \$3,700,000 Leon County Research and Development Authority Lease Revenue Bond, Series 2005 (The "Series 2005 Bonds"). The proceeds of the Bond Issue have been used to renovate approximately 18,000 square feet of existing space in the building, and for an expansion of approximately 6,000 square feet for a high voltage, high current physics facility for use by Florida A & M University. In addition, a portion of the bond proceeds were used to refund the remaining unrefunded portion of the Leon County Research and Development Authority Revenue Refunding Bond, Series 2000C (Series C) issued in 2000. The refunding resulted in a difference between the reacquisition price (amount placed in escrow and the old bond outstanding before refunding) and the net carrying amount of the old bonds (bonds due at maturity adjusted for unamortized issue costs). In accordance with GASB 23, the difference of \$10,019 is reported in the accompanying financial statements as a deduction from bonds payable and is amortized as interest expense over what would have been the remaining life of the old debt. The balance remaining to be amortized as a result of this bond issue as of September 30, 2008 is \$0.

The refunding resulted in a present value savings of \$65,125.

The Series 2005 Bonds are secured by a Leasehold Mortgage Agreement dated December 21, 2005, executed by The Florida A & M University Board of Trustees (FAMU), for the benefit of the Authority. The issue costs for these Bonds in the amount of \$69,344 are being amortized using the straight-line method over the life of the debt. The Series 2005 Bonds are payable in monthly interest-only installments of \$14,029.17 from January 1, 2006 through December 21, 2006. Thereafter, the Bonds are payable in monthly installments of \$23,508 including interest at 4.55% per annum.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4- LONG-TERM DEBT (Continued)

Johnson Building Project - On November 1, 1994 the Authority issued the Leon County Research and Development Authority Lease Revenue Bonds, Series 1994 in the amount of \$3,865,000.(The Florida State University Research Foundation, Inc. Issue) (the "Bond"). Florida State University Research Foundation, Inc. (the "Foundation"), is Guarantor on the Bond Issue. The proceeds of the Bond Issue have been used to construct a two-story research complex containing 39,400 square feet, with connection to the atrium, elevators and appurtenant landscaping, and are located on site 6(G) within Innovation Park. The Building consists of three modules and with the underlying real property, is leased to the Florida State University Research Foundation, Inc. for its use and sublease for scientific research and development purposes, which are consistent with the requirements of Florida Statutes, Chapter 159, Parts II and IV.

The Bonds were secured by a Leasehold Mortgage Agreement dated November 1, 1994, executed by the Foundation for the benefit of the Authority (which has assigned its rights thereunder to the Trustee) granting a first lien on and security interest in the leasehold interest of the Foundation in the Project and by a Guaranty Agreement dated November 1, 1994 delivered by the Foundation to the Trustee for the benefit of the Bondholders.

On November 1, 1995, the Foundation redeemed in full the \$3,865,000 Bond Issue. This redemption by the Foundation is considered to be advance lease payments to the Authority and as such, will be amortized and recognized as revenue over the life of the initial lease term.

Shaw Building Project - On December 30, 2005, with funds provided by the Foundation, the Authority redeemed the remaining principal balance in the amount of \$2,483,811 plus interest in the amount of \$6,358. This was the remaining balance of an original issue dated July 1, 1996 in the amount of \$4,400,000 used for the construction and equipping of the Shaw Building, a two-story research building containing 39,400 square feet with elevators and appurtenant landscaping, and located on site 6(G) and a portion of sites 1(B) and 3(B) in Innovation Park. The building consists of two modules and with the real estate is leased to the Foundation for its use and sublease for scientific, research and development purposes. These funds provided by the Foundation is considered to be advance lease payments to the Authority and as such, will be amortized and recognized as revenue over the life of the initial lease term.

A summary of the current and long-term portion of the debt is shown below:

<u>TITLES OF ISSUE</u>	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Centennial Bond, Series 2005, Payable over 20 Years Beginning January 21, 2006	\$ 125,756	\$ 3,367,456	\$ 3,493,212*

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4 – LONG-TERM DEBT (Continued)

\* The Series 2005 Bonds are payable in monthly interest-only installments of \$14,029.17 from January 21, 2006 through December 21, 2006. Thereafter, the Bonds are payable in monthly installments of \$23,508 including interest and principal.

The annual requirement to amortize the debt as of September 30, 2008 is as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	125,756	156,341	282,096
2010	131,598	150,498	282,096
2011	137,711	144,385	282,096
2012	144,111	137,986	282,097
2013	150,807	131,289	282,096
2014	157,814	124,282	282,096
2015	165,144	116,952	282,096
2016	172,819	109,277	282,096
2017	180,847	101,249	282,096
2018	189,249	92,847	282,096
2019	198,043	84,054	282,097
2020	207,243	74,853	282,096
2021	216,872	65,224	282,096
2022	226,950	55,146	282,096
2023	237,493	44,603	282,096
2024	248,528	33,568	282,096
2025	260,074	22,022	282,096
2026	272,156	9,940	282,096
2027	69,997	531	70,528
Totals	<u>\$ 3,493,212</u>	<u>\$ 1,655,047</u>	<u>\$ 5,148,258</u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
NOTE 5 – RETIREMENT PLAN

All employees of the Authority, who work twenty hours or more per week, are eligible to participate in the Florida Retirement System, a multiple employer public employee retirement system. The payroll for the employees covered by the System for the year ended September 30, 2008 was \$150,561.

Normal retirement requires six years of service and age 62 or the age the member becomes vested, or thirty years of service, regardless of age, whichever comes first. Benefits are computed on the basis of age, average final compensation (AFC) and service credit. AFC is the average of the five highest fiscal years of earnings. Each year of service is expressed as a percentage of AFC. The total percentage value received is determined by calculating the total value of all service, which is based on the retirement plan to which the member belonged when the service was earned. Benefits fully vest on reaching 6 years of creditable service. Vested employees may retire early and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute. The Authority pays the entire contribution, which for the current year was \$14,746 representing 9.8% of covered payroll through September 30, 2008.

The "actuarial accrued liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension "actuarial accrued value of assets" at July, 2008 for the System as a whole, determined through an actuarial evaluation performed as of that date, was \$130.7 billion. The System's "actuarial accrued liability" for benefits on that date was \$124.1 billion, leaving a surplus "unfunded actuarial accrued liability" of \$6.6 billion.

On November 18, 1997 the Authority adopted the National Association of Counties Deferred Compensation Program pursuant to Section 457 of the Internal Revenue Code. The deferred compensation plan allows for the voluntary participation of all eligible employees of the Authority. All assets of the Plan, including all deferred amounts, property and rights purchased with deferred amounts, and all income attributable to such deferred amount, property or rights, other than assets held in annuity contracts, will be held in a custodial account described in IRC Section 457(g).

The custodian shall hold such custodial account thereof for the exclusive benefit of the participants and beneficiaries and the assets may not be diverted to any other use. As of the end of the current year one employee is participating in the plan and has contributed \$90,447 to the plan. The investment balance in the plan as of September 30, 2008 is \$149,554.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 – COMMITMENTS AND CONTINGENCES

Master Plan Update and Future Park Development - In April of 1992 the Authority applied for abandonment of the DRI Study. Effective January 7, 1993 the request for abandonment was approved.

The Authority is presently in the process of updating the master development plan of the Park. On September 20, 2005, the Authority approved a five-year Capital Improvement Plan (CIP). On November 18, 2007 the Authority entered into an agreement with a local land planning consulting firm for the purpose of accomplishing goals outlined in the Plan. Also on that same date, the Authority entered into an agreement with a local land use law firm to determine the Park's status under DRI legislation. As of September 30, 2008, \$518,770 has been incurred and capitalized as park development costs. At the present time the estimated costs for the Capital Improvement Plan include \$200,000 for Park amenities, \$100,000 for a business incubator program, \$133,000 for PUD/DRI, \$100,000 for landscaping and Park beautification, and \$10,000 for miscellaneous expenses.

The Avalanche Partnership Project - On January 7, 2002, the Authority granted a lease option to Avalanche Partnership for Lot 1(e) consisting of 2.42 acres for a period of three years from the date of agreement. The Authority has granted Avalanche Partnership the right to extend the option for an additional three year term for the sum of \$5,000 in cash. On December 26, 2007, Avalanche Partnership exercised the lease option for Lot 1(e) for \$157,300.

Economic Development – Corporate Location Agreement - The Authority entered into an agreement on January 6, 2006 with the City of Tallahassee and Danfoss Turbocor Compressors Inc. (Danfoss) for the construction of a facility to house the Tallahassee operation of the company. The agreement calls for the City of Tallahassee and the Authority to jointly construct the facility at a cost to the City of Tallahassee and the Authority of \$4.5 million. In addition, the City of Tallahassee and the Authority have agreed to reimburse the Company's special building requirements, up to a maximum equal to the lesser of \$200,000 or the amount by which the total of all design and construction costs is less than \$4.8 million. Upon completion, the Authority would own 20% of the building. During the current year, the construction project was completed at a total cost to the Authority of \$72,469. A new agreement between The Authority and the City of Tallahassee and Danfoss is pending which will limit the Authority's contribution to \$72,469.

Agreement Among Tenants in Common – On January 6, 2006, the Authority and the City of Tallahassee entered into an "Agreement Between Tenants in Common". The purpose of this Co-Tenancy is for the construction, ownership, management and leasing of a building to be occupied by Danfoss Turbocor Compressors Inc. The term of the Co-Tenancy is for fifty (50) years, commencing on January 6, 2006, and ending on January 6, 2056, unless sooner terminated by the Tenants in Common. The ownership and the operating interests in the Co-Tenancy is 20% for the Authority and 80% for the City. Contributions by the Authority include Lots 1D, 2D and 3D

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 – COMMIMENTS AND CONTINGENCIES (Continued)

to the Co-Tenancy by leasing these properties for one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. The City is to provide up to \$4,750,000 for construction of the building. The Authority is to provide up to \$450,000 for construction of the building. An amendment to this agreement is pending which will remove the \$450,000 contribution for the Authority.

According to the agreement, any sublease of the property and building will require the tenant to pay all maintenance and operational expenses, rent, utilities, insurance, Common Area Fees, and taxes.

Ground Lease – On January 6, 2006, the Authority and the City of Tallahassee entered into a ground lease. The terms of the lease include rental of Lots 1D, 2D and 3D as set forth in the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992. The term of the ground lease is for fifty (50) years, commencing on January 6, 2006 and ending on January 6, 2056. The City, as tenant, will pay the Authority the sum of one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. In addition, a common area fee will be assessed annually on a per-acre basis to City. The fee assessed and outstanding for 2007 is \$20,636. Fees assessed and paid for 2008 was \$20,515.

Marketing and Public Relations – Effective November 21, 2004 the Authority entered into an agreement with a local marketing firm. The agreement provides for planning and execution of media and marketing strategies for the period through November 21, 2005. The contract fee for these services is \$60,000 plus expenses, payable in installments of \$5,000 per month. On December 21, 2005 this agreement was extended on a month to month basis at a fee of \$5,000 per month.

Resolution of Commitment – On July 15, 2003, the Authority passed a Resolution committing substantial resources to developing various partnership arrangements identified in the Resolution, for the fostering of economic development in the Park. To successfully achieve these objectives, a strategic plan will be developed to leverage the Authority's funds along with donations from other partners, and to obtain additional funding through matching grants.

Employment Agreement – Effective October 1, 2002, the Authority entered into a five year agreement with the Executive Director. If the Executive Director is terminated, as defined in the agreement, at any time during the five year term, the Authority agrees to pay, a severance fee equal to one month's gross salary for each year (or pro rata part thereof) the Executive Director has been employed as Executive Director. On September 18, 2007 the Board of Governors extended the employment contract for a period of six month beginning October 1, 2007 through March 31, 2008. The renewal will be on the same terms and conditions as the original

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 – COMMIMENTS AND CONTINGENCIES (Continued)

agreement. Subsequent to March 31, 2008, the Board of Governors has extended the contract on a year-to-year basis.

Phipps Building Renovation – \$517,980 was transferred from Work In Progress upon completion of renovations to expand the Phipps building from 11,661 sq.ft. to 14,661 sq.ft., which is required under the terms of the new lease agreement. The total cost for the renovations was \$581,478.

### NOTE 7 - OPERATING LEASES

On October 1, 2005, the Authority entered into an agreement with the Foundation for 100% of Sliger Building less Suite 100 Modules I and II of Research Complex. The initial term of the leasehold shall be from October 1, 2005, through November 1, 2011. The monthly lease payment due under this agreement is \$470 for a management fee during the Initial Lease Term. Upon expiration of the Initial Lease Term, the management fee will be calculated using the \$470 management fee plus the consumer price index increases for each year since the October 1, 2005 effective date of this Agreement. After the Initial Lease Term, the Lease will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the end of any lease term of its desire to terminate. In addition to the management fee of \$470 the Foundation is also responsible for the annual common area fees.

Under the terms of the agreement, the Authority will assume all right, title and leasehold interest in the Morgan Building, denominated as Module III in the lease agreement dated October 2, 1985. In addition, the Foundation terminates certain interests in Module IV of the Morgan Building, including but not limited to its right of first refusal with regard to Module IV of the Morgan Building.

On September 30, 1986 and October 10, 1986 the Authority entered into long-term leases with the Florida Department of Transportation and the Florida Department of Environmental Protection.

The agreement with DOT (Phipps Building) is for 11,661 sq.ft. and requires monthly payments of \$9,163 beginning June 1, 1987 through May 31, 2002 with an option to renew for an additional five year term. Upon the retirement of the debt service the monthly payments will not exceed 25% of the previous lease. The option to renew for the additional five year term was exercised. Upon expiration of the option on June 1, 2007, an additional option was exercised under the same terms through September 30, 2008. Upon expiration of the extended option, a new long-term lease agreement was entered into for 14,661 sq.ft., which requires monthly payments of \$10,719 beginning October 1, 2008 through September 30, 2022 with an option to renew for an additional five year term.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 – OPERATING LEASES (Continued)

The agreement with DEP (Collins Building) is for 18,774 sq.ft. (75% of the building) and requires monthly payments of \$14,315 beginning July 1, 2007 through June 30, 2022 with an option to renew for an additional five year term.

On June 12, 2007, the Authority entered into an agreement with the Florida Department of Agriculture and Consumer Services (FDACS) for 25% of the Collins building. The agreement is for 6,126 sq.ft. and requires monthly payments of \$4,671 beginning July 1, 2007 through June 20, 2022 with an option to renew for an additional five year term.

On December 21, 2005, the Authority entered into a lease agreement with Florida A & M University (Centennial Building) for 26,700 sq.ft. building referred to in Note 4. The agreement requires a monthly lease payment in the amount of \$21,360 per month for the first year. Thereafter, lease payments will increase to \$25,858 per month for the duration of the lease term, with an option to renew on an annual basis at a reduced monthly rate of \$2,175.42. Under the terms of the lease, the Authority agreed to expand the square footage of the Centennial Building from 26,700 to 32,700 square feet and renovate approximately 18,000 square feet. On December 21, 2005, the Authority issued the Leon County Research and Development Authority Lease Revenue Bonds, Series 2005 in the amount of \$3,700,000. The proceeds were used for the expansion in 2006, and also to redeem the outstanding principal balance of the Leon County Research and Development Authority Centennial Bond, Series C. (Note 4)

On December 7, 1994, the Authority entered into a lease agreement with the Florida State University Research Foundation, Inc. (the "Foundation") for the Johnson Building premises (Note 4). Upon completion of the Project, the Foundation occupied and began making lease payments on October 15, 1995. Since the debt was redeemed (Note 4) by the Foundation, the agreement required a monthly lease payment in the amount of \$6,853 beginning October 15, 1996. This initial term of the leasehold was through November 1, 2011, after which, the lease term automatically renewed for additional twelve-month periods unless the Lessee notifies the Lessor no less than ninety days prior to the end of any lease term of its desire to terminate.

The redemption of the debt by the Foundation is considered to be lease payments paid in advance and is being deferred and amortized by the Authority over the initial term of the lease using the straight-line method through November 1, 2011. The amount recognized during the current year, as revenue is \$230,112.

On October 1, 2005, the Authority entered into revised lease agreement with the Foundation for the Johnson building. The initial lease term of the leasehold is from October 1, 2005 through November 1, 2011. The monthly lease payment due under this agreement is \$500 per month for a management fee during the initial lease term.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 7 – OPERATING LEASES (Continued)

The lease will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the end of any lease term of its desire to terminate. The lease rate after the initial lease term will be the management fee of \$500 plus the consumer price index increases for each year since October 1, 2005. In addition to the \$500 management fee the Foundation is also responsible for the annual common area fees.

On May 6, 1996, the Authority entered into a lease agreement with the Florida State University Research Foundation, Inc. for the Shaw premises. (Note 4)

On October 1, 2005, the Authority entered into a revised lease agreement with the Foundation for the Shaw Building. Upon the Authority's retirement of the Series 1996 Bonds with funds provided by the Foundation, beginning January 1, 2006, the Foundation leased one hundred percent (100%) of the Shaw Building. The initial term of the leasehold shall be for nineteen (19) years, from November 24, 2006 through December 23, 2015. The lease term will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the lease termination date.

The lease agreement calls for no lease payments during the period ending December 23, 2015, however, the Foundation agrees to pay the Authority on a monthly basis five percent (5%) of the gross rents received by the Foundation for subtenants beginning December 24, 2015.

The Shaw building redemption is considered to be lease payments paid in advance and is being deferred and amortized by the Authority over the initial term of the lease using the straight-line method. The amount recognized during the current year, as revenue is \$286,594.

Following is a table of the minimum future rentals for the next five years:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total All Leases</u>
Sliger**	\$ 5,640	\$ 5,640	\$ 5,640	\$ 5,640	\$ 5,640	\$ 28,200
DOT	128,635	128,635	128,635	128,635	128,635	643,175
DEP	227,835	227,835	227,835	227,835	227,835	1,139,175
FAMU	310,306	310,306	310,306	310,306	310,306	1,551,530
Johnson**	6,000	6,000	6,000	6,000	6,000	30,000
Johnson*	230,112	230,112	230,112	230,112	-0-	920,448
Shaw*	286,594	286,594	286,594	286,594	286,594	<u>1,432,970</u>
						<u>\$ 5,745,498</u>

\* Deferred Amortized Lease Revenue

\*\* Assumes Renewal

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 8 – OTHER LEASE REVENUES / COMMON AREA FEES

During the current year the Authority also has other short-term lease revenues from approximately 32,528 sq.ft. of space in the Sliger/Morgan Buildings in the amount of \$310,131 and 2800 sq.ft. of space in the Administrative Offices in the amount of \$13,560.

The Authority maintains all of the common area in the Park. Owners of long-term leases purchased from the Authority and certain tenants are charged an annual common area fee based on the Park's adjusted annual administrative overhead costs divided by the developable acres. For the current year the Authority recognized common area revenue in the amount of \$170,524.

### NOTE 9 – NONCASH TRANSACTIONS

Supplemental disclosure of non-cash transactions follows:

Unearned Lease Revenue- Johnson Building	\$230,112
Unearned Lease Revenue- Shaw Building	\$286,594

### NOTE 10 - CHANGES IN CAPITAL ASSETS

Following is a summary of the changes in Capital Assets for the current year ending September 30, 2008:

<u>Description</u>	<u>Balance</u> <u>9-30-07</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Balance</u> <u>9-30-08</u>
Buildings	\$19,247,909	\$175,116	\$ 517,980	\$19,941,005
Equipment and Furnishings	77,726	1,921	-0-	79,647
Improvements	349,223	-0-	-0-	349,223
Land	635,921	-0-	-0-	635,921
Park Development Costs	353,492	165,278	-0-	518,770
Work in Progress	<u>517,980</u>	<u>-0-</u>	<u>(517,980)</u>	<u>-0-</u>
Total	<u>\$21,182,251</u>	<u>\$342,315</u>	<u>\$ 0</u>	<u>\$21,524,566</u>



NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - CHANGES IN LONG-TERM DEBT

Following is a summary of the changes in Long-term Debt for the current year ended September 30, 2008:

<u>TITLES OF ISSUES</u>	Balance Outstanding <u>As of 9/30/07</u>	Additions (Payments)	Balance Outstanding <u>As of 9/30/08</u>	Principal Due Within <u>One Year</u>
Centennial Bond, Series 2005, Payable over 20 Years Beginning January 21, 2006	<u>\$3,613,385</u>	<u>\$ (120,173)</u>	<u>\$3,493,212</u>	<u>\$125,756</u>

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

SUPPLEMENTARY INFORMATION

Year Ended September 30, 2008

**SANDERS, HOLLOWAY & RYAN**

*Certified Public Accountants*

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HOLLY W. HURSEY, C.P.A.

Independent Auditor's Report on Supplementary Information

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on Schedule 1 and Schedule 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. The information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sanders, Holloway & Ryan*

SANDERS, HOLLOWAY & RYAN  
Certified Public Accountants

February 6, 2009

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**Tallahassee, Florida**  
**Schedule of Other Expenses**  
**Year Ended September 30, 2008**

**CLASSIFICATION**

Office Supplies and Expense	\$ 6,862
Legal	125,679
Accounting	28,676
Telephone	5,402
General Authority Expense	2,979
Security	4,391
Park Marketing	55,772
Master Plan	33,898
Technology Grants	52,000
Utilities	61,099
Insurance	16,406
Travel and Conferences	3,212
Repairs and Maintenance	191,346
Miscellaneous	36,577
Membership Dues	<u>4,099</u>
<b>TOTAL</b>	<b><u>\$ 628,398</u></b>

Read Independent Auditor's Report on  
Supplementary Information.  
**Schedule 1**

# LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

## Schedule of Revenues and Expenses With Budget and Variance YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual Amount		Unexpended Budget	
				%		%
<b>Revenues</b>						
Leases (Includes Deferred Revenue)	\$ 1,471,864	\$ 1,471,864	\$ 1,505,925	76.3	\$ -34,061	-2.3
Real Estate Sales	0	0	157,300	8.0	-157,300	0.0
	182,495	182,495	170,524	8.6	11,971	6.6
Management Fees	11,640	11,640	11,640	0.6	0	0.0
Impact Fees	22,150	22,150	23,857	1.2	-1,707	-7.7
Other Income	0	0	5,713	0.3	-5,713	0.0
Investment Income	171,852	171,852	99,534	5.0	72,318	42.1
<b>Total Revenues</b>	<u>1,860,001</u>	<u>1,860,001</u>	<u>1,974,493</u>	<u>100.0</u>	<u>-114,492</u>	<u>-6.2</u>
<b>Administrative Expenses</b>						
Salaries and Employee Benefits	187,293	187,293	185,884	9.4	1,409	0.8
Office Supplies and Copy Expenses	6,500	6,500	6,570	0.3	-70	-1.1
Postage	500	500	292	0.0	208	41.6
Legal	60,000	60,000	125,679	6.4	-65,679	-109.5
Accounting	30,000	30,000	28,676	1.5	1,324	4.4
Telephone	5,857	5,857	5,402	0.3	455	7.8
Membership and Dues	5,841	5,841	4,099	0.2	1,742	29.8
Vehicle Mileage	1,213	1,213	869	0.0	344	28.4
Travel and Conferences	7,200	7,200	2,343	0.1	4,857	67.5
Staff Development	1,000	1,000	0	0.0	1,000	100.0
Supplies and Other Maintenance	23,300	23,300	30,815	1.6	-7,515	-32.3
Contingency Fund	20,000	20,000	0	0.0	20,000	100.0
General Authority Expenses	7,000	7,000	2,979	0.2	4,021	57.4
Security	1,648	1,648	1,515	0.1	133	8.1
Park Marketing	66,375	66,375	55,772	2.8	10,603	16.0
<b>Total Administrative Expenses</b>	<u>423,727</u>	<u>423,727</u>	<u>450,895</u>	<u>22.8</u>	<u>-27,168</u>	<u>-6.4</u>
<b>Economic Development Expenses</b>						
General Economic Development Activities	37,125	37,125	33,898	1.7	3,227	8.7
Research Grants	45,000	45,000	52,000	2.6	-7,000	-15.6
<b>Total Economic Development Expenses</b>	<u>82,125</u>	<u>82,125</u>	<u>85,898</u>	<u>4.4</u>	<u>-3,773</u>	<u>-4.6</u>
<b>Building and Property Expenses</b>						
Centennial Expenses	165,669	165,669	165,135	8.4	534	0.3
*Bond Principal Payments	120,173	120,173	86,615	4.4	33,558	27.9
Sub-Totals	285,842	285,842	251,750	12.8	34,092	11.9
Research Complex Expenses	189,562	189,562	163,132	8.3	26,430	13.9
Phipps/Collins Expenses	105,270	105,270	101,535	5.1	3,735	3.5
Utilities, Other	4,847	4,847	5,971	0.3	-1,124	-23.2
Insurance, Other	3,825	3,825	3,507	0.2	318	8.3
Sub-Totals	8,672	8,672	9,478	0.5	-806	-9.3
<b>Total Building and Property Expenses and Principal Payments</b>	<u>589,346</u>	<u>589,346</u>	<u>525,895</u>	<u>26.6</u>	<u>63,451</u>	<u>10.8</u>

Read Independent Auditor's Report on  
Supplementary Information.  
**Schedule 2**

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**Tallahassee, Florida**  
**Schedule of Revenues and Expenses With Budget and Variance**  
**YEAR ENDED SEPTEMBER 30, 2008**

	Original Budget	Final Budget	Actual Amount		Unexpended Budget	
				%		%
<b>Capital Expenditures</b>						
*Administration, Technology & Equipment	20,000	20,000	14,986	0.8	5,014	25.1
*Master Plan, PUD & DRI	615,000	615,000	165,277	8.4	449,723	73.1
*Centennial Building Project	0	0	39,329	2.0	-39,329	0.0
*Collins Building Project	126,000	126,000	59,225	3.0	66,775	53.0
*Research Complex	40,000	40,000	0	0.0	40,000	100.0
*DOT Project	76,000	76,000	63,498	3.2	12,502	16.5
<b>Total Capital Expenditures</b>	<u>877,000</u>	<u>877,000</u>	<u>342,315</u>	<u>17.3</u>	<u>534,685</u>	<u>61.0</u>
<b>Total Expenses, Principal Payments and Capital Expenditures</b>	<u>1,972,198</u>	<u>1,972,198</u>	<u>1,405,003</u>	<u>71.2</u>	<u>567,195</u>	<u>28.8</u>
<b>Net Sub-Totals Before Depreciation, Amortization and Adjustments</b>	<u>-112,197</u>	<u>-112,197</u>	<u>569,490</u>	<u>28.8</u>	<u>-681,687</u>	<u>607.6</u>
<b>Less Depreciation and Amortization</b>						
Centennial Building	137,071	138,486	158,288	8.0	-19,802	-14.3
DOT/DEP Building	65,449	65,449	65,449	3.3	0	0.0
Research Complex Building	109,846	109,846	109,846	5.6	0	0.0
Johnson Building	88,361	88,361	88,361	4.5	0	0.0
Shaw Building	97,071	97,071	97,071	4.9	0	0.0
Depreciation, Other	58,077	56,662	58,077	2.9	-1,415	-2.5
<b>Sub-Totals Depreciation and Amortization</b>	<u>555,875</u>	<u>555,875</u>	<u>577,092</u>	<u>29.2</u>	<u>-21,217</u>	<u>-3.8</u>
<b>Net Sub-Totals Before Adjustments</b>	<u>-668,072</u>	<u>-668,072</u>	<u>-7,602</u>	<u>-0.4</u>	<u>-660,470</u>	<u>98.9</u>
<b>Adjustments</b>						
*Add Capital Expenditures and Principal Payments	997,173	997,173	428,930	21.7	568,243	57.0
Less Deferred Revenue Recognized , Johnson Bldg.	-230,112	-230,112	0	0.0	-230,112	100.0
Less Deferred Revenue Recognized , Shaw Bldg.	-286,594	-286,594	0	0.0	-286,594	100.0
<b>NET REVENUES</b>	<u>\$ -187,605</u>	<u>\$ -187,605</u>	<u>\$ 421,328</u>	<u>21.3</u>	<u>\$ -608,933</u>	<u>324.6</u>

Read Independent Auditor's Report on  
Supplementary Information.  
**Schedule 2**



**SANDERS, HOLLOWAY & RYAN**

*Certified Public Accountants*

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Independent Auditor's Report on Internal Controls and  
Compliance based on an Audit Performed  
in Accordance with Government Auditing Standards

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

We have audited the financial statements of the Leon County Research and Development Authority as of and for the year ended September 30, 2008, and have issued our report thereon dated February 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The attached Appendix is an integral part of this report.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Letter 1  
Page 1 of 3

Board of Governor  
Leon County Research and  
Development Authority

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the deficiencies described in the accompanying Letter of Management Comments and Recommendations to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the accompanying Letter of Management Comments and Recommendations is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Board of Governor  
Leon County Research and  
Development Authority

This report is intended for the information and use of the Board of Governors, Management, Leon County, Department of Community Affairs and the Auditor General of the State of Florida. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Florida, Auditor General, is a matter of public record.

*Sanders, Holloway & Ryan*

SANDERS, HOLLOWAY & RYAN  
Certified Public Accountants

February 6, 2009

Letter 1  
Page 3 of 3

**SANDERS, HOLLOWAY & RYAN**

*Certified Public Accountants*

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HOLLY W. HURSEY, C.PA.**

Letter of Management Comments and Recommendations

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

Gentlemen:

In planning and performing our audit of the financial statements of the Leon County Research and Development Authority, for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control in order as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that might be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies:

Letter 2  
Page 1 of 3

Board of Governors  
Leon County Research and  
Development Authority

Accounts Receivable Collections - During our testing of accounts receivable, we noted the Authority has many accounts receivable that are past due. We noted one invoice for common area fees totaling \$20,636 has been outstanding since July 2006. We also noted eight re-bill items to tenants totaling \$4,566 were outstanding for six months or longer. Uncollected invoices create a potential for future uncollectible accounts. We suggest that management contact slow-paying tenants as soon as a potential collection problem is detected. The implementation of this procedure will reduce the potential for bad debt write-offs.

Year-end Schedules and Reconciliations – While this year's audit preparedness contributed to a smooth audit process, critical steps in the year-end closing process were not made prior to the date scheduled for the audit. This resulted in the need for the auditor to expand the time spent in some areas in order to ensure that client-prepared journal entries and schedules were complete. We suggest the Authority develop a formal year-end closing schedule that indicates specific reconciliations and required documentation for each significant balance sheet account. We will continue to provide on-going training and support, however, in order to perform an efficient audit, the books should be closed and all entries should be made prior to the date of audit field work.

Financial condition assessment procedures were applied pursuant to Section 218.39(5), Florida Statutes as of September 30, 2008, and consideration was given to subsequent events through the date of our report. No deteriorating financial conditions are noted.

In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

One irregularity reported in the previous year audit report concerning "Property Additions" has been corrected. The recommendations made for the preceding audit report concerning "Property Additions" have been followed.

The Authority has complied with the lease revenue/ debt service covenant in the \$3,700,000 Leon County Research and Development Authority Lease Revenue Note, Series 2005. The lease payments received from the Lessee were sufficient to cover required debt service by at least 1.10 times annual debt service on the Series 2005 Note for the fiscal year.

Board of Governors  
Leon County Research and  
Development Authority

The Authority has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The financial report filed with the Florida Department of Banking and Finance pursuant to section 218.32(1)(a), Florida Statute, is in agreement with this annual financial audit.

This communication is intended solely for the information and use of the Board of Governors, Management, Leon County, Department of Community Affairs and the Auditor General of the State of Florida. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Florida, Auditor General, is a matter of public record.

We would like to take this opportunity to express our appreciation to the Board for the opportunity to serve the Authority. We would also like to thank the Board of Governors, Ms. NicholSEN, Ms. Lewis and the Authority's legal counsel for their help and cooperation in performing our examination.

*Sanders, Holloway & Ryan*

SANDERS, HOLLOWAY & RYAN  
Certified Public Accountants  
February 6, 2009



APPENDIX TO REPORT  
ON INTERNAL CONTROLS AND COMPLIANCE  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

## RESPONSIBILITY OF MANAGEMENT

The management of the Authority is responsible for compliance with laws, regulations, contracts, and grants applicable to the Authority, and for establishing and maintaining internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

## DEFINITIONS

### Control Deficiency

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

### Significant Deficiency

A control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

### Material Weakness

A significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Because of inherent limitations in any control structure, errors or irregularities nevertheless may occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.



February 10, 2009

Leon County Clerk of Courts  
Alan Rosenzweig, Finance Officer  
P. O. Box 726  
Tallahassee, Florida 32302

Dear Mr. Rosenzweig:

The following is in response to Sanders, Sanders and Holloway letter on Management Comments and Recommendations for the Leon County Research and Development Authority's 2007-2008 audit.

Accounts Receivable Collections – The outstanding common area fee is part of a lease agreement with the City of Tallahassee and staff is working with the City to resolve the issue. The other outstanding invoices have been collected and staff will continue to monitor outstanding invoices in order to reduce the potential for any bad debt write-offs.

Year-end Schedules and Reconciliations – Staff will develop a formal year-end closing schedule that will indicate the specific journal entries for each balance sheet account. This schedule will also include the required documentation for each journal entry. Staff will continue to work with auditors to find out specific needs to ensure that all entries are completed and books closed prior to the scheduled audit field work.

If there are any questions, please feel free to call me.

Sincerely,

Linda Nichol森  
Executive Director

Cc: Mr. Joe Sanders, Sanders, Holloway and Ryan

**TAB 5**

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

FINANCIAL STATEMENTS

Year Ended September 30, 2007

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
Tallahassee, Florida  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2007

C O N T E N T S

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

Statement of Net Assets, September 30, 2007 EXHIBIT A

Statement of Revenues, Expenses and  
Changes in Net Assets  
Year Ended September 30, 2007 EXHIBIT B

Statement of Cash Flows,  
Year Ended September 30, 2007 EXHIBIT C

Notes to Financial Statements

Supplementary Information:

Independent Auditor's Report on  
Supplementary Information

Schedule of Other Expenses,  
Year Ended September 30, 2007 SCHEDULE 1

Schedule of Revenues and Expenses with  
Budget and Variance,  
Year Ended September 30, 2007 SCHEDULE 2

Independent Auditor's Report on Internal  
Controls and Compliance LETTER 1

Letter of Management Comments and  
Recommendations LETTER 2

Appendix

Response to Management Letter LETTER 3

**SANDERS, SANDERS & HOLLOWAY, P.A.**

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INDEPENDENT AUDITOR'S REPORT

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

We have audited the accompanying financial statements of the Leon County Research and Development Authority (the Authority), an enterprise fund, as of September 30, 2007 and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leon County Research and Development Authority as of September 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report (Letter 1) dated January 18, 2008 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Sanders, Sanders & Holloway, P.A.*

Sanders, Sanders & Holloway, P.A.  
Certified Public Accountants  
January 18, 2008



## LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's management discussion and analysis presents an overview of the Authority's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the Authority's financial statements.

The Authority has implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. This statement requires governmental entities to report finances in accordance with specific guidelines. This section of the report is intended to provide a brief, objective, and easily readable analysis of the Authority's financial performance for the year and its financial position at fiscal year end September 30, 2007.

### Overview of the Financial Statements

The Authority is supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The basic financial statements for a Enterprise Fund include: Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows. The basic financial statements provide readers with a broad view of the Authority's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### Financial Analysis

A comparison summary of the Statement of Net Assets is presented below:

Summary of Net Assets			
	2007	2006	% Change
Current and Other Assets	\$ 4,913,368	\$ 5,343,072	-8.0%
Capital Assets, Net of Depreciation	14,155,064	12,497,053	13.3%
Non-current Assets	63,290	1,262,044	-95%
<b>Total Assets</b>	<b>19,131,722</b>	<b>19,102,169</b>	<b>0.2%</b>
Current Liabilities	956,615	905,253	5.7%
Non-current Liabilities	5,887,977	6,352,801	-7.3%
<b>Total Liabilities</b>	<b>6,844,592</b>	<b>7,258,054</b>	<b>-5.7%</b>
Invested in Capital Assets	10,605,804	8,869,490	19.6%
Restricted Net Assets	426,807	1,936,049	-78.0%
Unrestricted Net Assets	1,254,519	1,038,576	20.8%
<b>Total Net Assets</b>	<b>\$ 12,287,130</b>	<b>\$ 11,844,115</b>	<b>3.7%</b>

**LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Non-current assets consist of unamortized bond costs.

Invested in Capital Assets represent the Authority's long-term investment in capital assets, net of accumulated depreciation, and is not available for current operations. Restricted net assets consist of restricted cash designated for current construction projects.

A comparative summary of changes in net assets is presented below:

Summary of Changes in Net Assets			
	2007	2006	% Change
Operating Revenues (Lease Revenue and Other)	\$ 1,483,490	\$ 1,367,579	8.5%
Non-operating Revenues	244,061	349,437	-30.2%
Total Revenues	1,727,551	1,717,016	0.6%
Operating Expenses	1,159,355	1,014,203	14.3%
Non-operating Expenses	125,181	137,397	-8.9%
Total Expenses	1,284,536	1,151,600	11.5%
Change in Net Assets	\$ 443,015	\$ 565,416	-21.6%

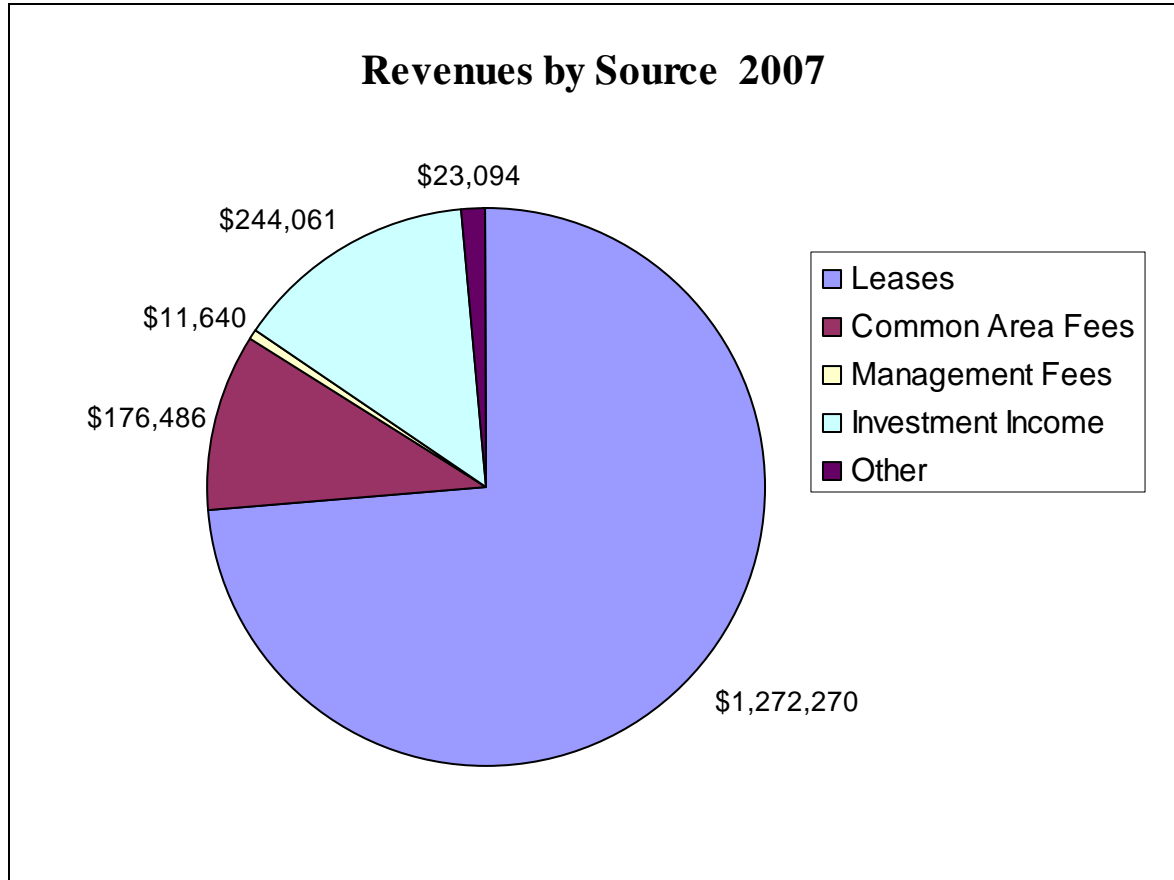
Total revenues and total operating expenses increased, with a decrease in net assets over the prior fiscal year.

The Authority is reliant upon continued tenant occupancy for future financial stability. In order to expand its role to support economic development and attract technology related businesses to Innovation Park, the Authority approved funding for the Innovation Park Technology Commercialization Grant Program. This program, now in its third year, offers financial assistance to technology-related products and services for companies with commercial potential. Grant monies of \$45,000 were approved for disbursement in fiscal year 2007, of which \$30,000 was awarded to eligible grantees.

Other initiatives made by the Authority involve updating the Authority's master plan. The Authority intends to collect feedback from Innovation Park tenants to gather suggestions and ideas for future growth and development. The estimated cost for park planning, development and capital improvements for 2008 is \$615,000.

**LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Graphic presentation of income data from the summary tables follow to assist in the analysis of the Authority's activities for fiscal year 2007:



As graphically portrayed above and discussed earlier, the Authority is heavily reliant on tenant leases to support operations. Tenant leases provided 73% of the Authority's total revenues for fiscal year 2007. Other fees consist of impact fees and miscellaneous income.

**Budgetary Highlights**

The Authority's revenue budget for fiscal year 2007 was approximately \$1,150,202. This was a decrease of \$2,115,655 over the previous year budget, however, this decrease in both revenues and expenses represents the payoff requirements for the Shaw bond payoff by the Florida State University Research Foundation. Without this adjustment, the budget was increased over the previous year by \$255,797.

LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Authority ended the year with a net budget surplus of \$405,507. A substantial amount of the surplus resulted from lower expenditures than budgeted for the Authority's Master Plan, Plan Unit Development (PUD), Development of Regional Impact (DRI) and Economic Development. The amount budgeted for these activities was \$394,000; there were no related expenditures in 2007.

**Contacting the Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Leon County Research and Development Authority's office at 1736 West Paul Dirac Drive, Tallahassee, Florida.

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2007**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 4,249,821
Accounts Receivable- Leases and Other	230,057
Accrued Interest Receivable	6,683

Total Current Assets	\$ 4,486,561
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**RESTRICTED ASSETS**

Cash and Cash Equivalents	426,807
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**NON-CURRENT ASSETS**

Bond Issue Costs, Net of Amortization	<u>63,290</u>
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Total Non-current Assets	63,290
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**CAPITAL ASSETS**

Buildings	19,247,909
Equipment and Furnishings	77,726
Improvements	349,223
Land	635,921
Park Development Costs	353,492
Work In Progress	<u>517,980</u>

Total	21,182,251
Less Accumulated Depreciation	<u>(7,027,187)</u>

Total Capital Assets	<u>14,155,064</u>
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<b>TOTAL ASSETS</b>	<b><u>\$ 19,131,722</u></b>
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Read Accompanying Notes to Financial Statements.

EXHIBIT A

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2007**

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	\$ 226,105	
Accrued Compensated Absences	17,569	
Accrued Interest Payable	3,978	
Unearned Revenue	588,790	
Current Maturities on Long Term Debt	<u>120,173</u>	
Total Current Liabilities		\$ 956,615

**NON-CURRENT LIABILITIES**

Bonds Payable	3,493,212	
Less Deferred Charges	<u>(835)</u>	
Bonds Payable, Net of Deferred Charges	3,492,377	

**UNEARNED REVENUE**

	<u>2,395,600</u>	
Total Non-Current Liabilities and Unearned Revenue		5,887,977

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	10,605,804	
Restricted for Capital Projects	426,807	
Unrestricted	<u>1,254,519</u>	
Total Net Assets		<u>12,287,130</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 19,131,722</u></b>
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Read Accompanying Notes to Financial Statements.

EXHIBIT A



**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
TALLAHASSEE, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
Year Ended September 30, 2007**

**OPERATING REVENUES**

Leases	\$ 1,272,270
Common Area Fees	176,486
Management Fees	11,640
Other	<u>23,094</u>
Total Operating Revenues	\$ 1,483,490

**OPERATING EXPENSES**

Salaries and Employee Benefits	176,225
Depreciation Expense	515,016
Other Expenses	<u>468,114</u>
Total Operating Expenses	<u>1,159,355</u>

**Operating Income** 324,135

**NON-OPERATING REVENUE (EXPENSES)**

Investment Income	244,061
Amortization Expense	(8,311)
Interest Expense	<u>(116,870)</u>
Total Non-Operating Revenue (Expenses)	<u>118,880</u>

**Change in Net Assets** 443,015

**NET ASSETS, BEGINNING OF YEAR** 11,844,115

**NET ASSETS, END OF YEAR** \$ 12,287,130

Read Accompanying Notes to Financial Statements.

**EXHIBIT B**

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**Year Ended September 30, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received From Tenants	\$ 975,475
Cash Payments to Suppliers for Goods and Services	(277,837)
Cash Payments to Employees and Professional Contractors for Services	(380,538)
Other Operating Revenues	<u>23,094</u>

**Net Cash Provided (Used) by Operating Activities** **340,194**

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	(1,955,387)
Principal Paid on Bonds	(86,615)
Interest Paid on Bonds	<u>(167,045)</u>

**Net Cash Provided (Used) by Capital and Related Financing Activities** **(2,209,047)**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Redemption of Treasury Note	1,200,000
Interest and Dividends on Investments	<u>280,892</u>

**Net Cash Provided (Used) by Investing Activities** **1,480,892**

**Net Increase (Decrease) in Cash and Cash Equivalents** **(387,961)**

**Cash and Cash Equivalents, Beginning of Year** **5,064,589**

**Cash and Cash Equivalents, End of Year** **\$ 4,676,628**

**Reconciliation of Operating Income to Net Cash**

Provided by Operating Activities:	
Operating Income	\$ 324,135
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	515,016
Unearned Revenue, Johnson Building	(230,112)
Unearned Revenue, Shaw Building	(286,594)
(Increase) Decrease in Accounts Receivable	29,801
Increase (Decrease) in Accounts Payable	(14,239)
Increase (Decrease) in Unearned Revenue	1,984
Increase (Decrease) in Compensated Absences	<u>203</u>

**Net Cash Provided (Used) by Operating Activities** **\$ 340,194**

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
Tallahassee , Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2007

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY (the Authority) was created by the Leon County Board of County Commissioners pursuant to County Ordinance No. 80-68 pursuant to the requirements of Section 159.703, Florida Statute as amended in 1987. The Authority is constituted as a public instrumentality for the purposes of development, operation, management, and financing of a research and development park, and the exercise by an Authority of the powers conferred by Section 159.701 through 159.7095, Florida Statutes as amended in 1987, and shall be deemed and held to be the performance of an essential public purpose. The administrative offices of the Authority are located at 1736 West Paul Dirac Drive, Tallahassee, Florida. The purpose of the Authority as Section 159.701 was amended in 1989, is the promotion of scientific research and development in affiliation with and related to the research and development activities of one or more state-based, accredited, public or private institutions of higher education; including facilities that complement or encourage the complete operation thereof as defined by, and in the manner provided by, the Florida Industrial Development Financing Act; and for the purpose of fostering the economic development and broadening the economic base of a county in affiliation with one or more institutions of higher education.

The Authority has acquired land within Leon County to perform any and all functions related or incidental to the operations of the Park, also referred to as Innovation Park/Tallahassee. The Park is to provide a compatible location where selected applied research operations can be established to build upon and mutually benefit the economy of North Florida, the research capabilities of Florida A & M and Florida State Universities, and the services of Florida's capital city.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principles – The Authority follows the provisions of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued by the Governmental Accounting Standards Board.

The Authority has established one enterprise fund, which accounts for construction of improvements and leases of property within the Research Park. As such, it hires consultants and contractors to build and construct commercial buildings and infrastructure within the Park. The enterprise fund is also used to collect the lease revenues and is charged with the responsibility of servicing the revenue bonds of the Authority (See Note 4).

Accounting Basis - Assets, liabilities, revenues and expenses have been recorded on the accrual basis of accounting. As allowed by Governmental Accounting Standard Board Statement No. 20, the Authority follows all applicable standards issued by the Financial Accounting Standards Board.

Reporting Entity - The Authority was notified on October 22, 1991 by the Office of the Comptroller, Department of Banking and Finance, State of Florida, that it had been re-classified from an independent to a dependent special district. The Authority has been notified by Leon County, its governing authority that the County does not view the Authority as a component unit of Leon County and therefore the Authority should continue to issue separate financial reports.

Budgetary Accounting - As a dependent special district, the Authority adopts an annual operating budget prepared on the accrual basis of accounting which is consistent with generally accepted accounting principles.

Cash and Cash Equivalents - Cash and cash equivalents are cash in checking, investments in money market funds, pooled investments and US Treasury notes (including restricted cash) purchased with an original maturity of three months or less.

Revenue Recognition - Revenue is recognized when collectibility is reasonably assured or the amount that will be collected can be estimated.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets – Capital Assets are carried at cost. The cost of buildings, improvements and equipment and furnishings is depreciated using the straight-line method based on the following estimated lives:

Buildings	10-40 Years
Improvements	5-20 Years
Equipment and Furnishings	5-8 Years

Beginning October 1, 1986, capital outlays for the construction of streets, parks, water and sewer lines and other types of infrastructure expenditures are capitalized and included in improvements. To date, all such completed projects have been transferred and accepted by the City of Tallahassee.

Amortization - The costs of obtaining bonded debt are deferred and amortized over the life of the bonds using the straight-line method.

Accounts Receivable - Leases and Other - Included in accounts receivable is \$62,192 for leases, \$66,562 for common area fees, \$99,863 for tenant re-billing and \$1,440 for management fees.

Restricted Cash - Included in restricted cash is \$426,807 designated for the completion of capital projects.

Capitalized Interest – Interest is normally expensed as incurred, except when it is incurred in connection with major capital additions, then it is capitalized as part of the asset cost. In situations involving assets financed with the proceeds of restricted tax-exempt borrowings, the amount of interest cost to be capitalized shall be all interest cost of those borrowings less any interest earned on temporary investment of the proceeds of those borrowings. Interest incurred on major capital additions during the year ended September 30, 2007 totaled \$49,944 and interest earned on related investments during the year ended September 30, 2007 totaled \$ 23,950 resulting in capitalized interest for the year ended September 30, 2007 of \$25,994.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents – All deposit accounts of the Authority are placed in banks that qualify as a public depository, as required by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. The authority also held cash in the Local Government Surplus Funds Trust Fund Investment Pool (the Pool), an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida, and in money market accounts in various financial institutions. The Pool meets the criteria for a 2a-7 like as defined in GASB 31 at September 30, 2007. Therefore, the investment is valued at amortized cost and the fair market value at September 30, 2007 is the same. Cash and cash equivalents are recorded as follows:

	<u>Value Method</u>	<u>Rate/ Maturity</u>	<u>Principal Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Local Gov. Surplus Trust Fund	Cost	5.62% 10/01	\$ 2,613,881	\$ 2,613,881	\$ 2,613,881
Government Advantage Interest Checking	Cost	3.09% 10/01	<u>\$ 2,062,747</u>	<u>2,062,747</u>	<u>\$ 2,062,747</u>
Totals			<u><u>\$ 4,676,628</u></u>	<u><u>\$ 4,676,628</u></u>	<u><u>\$ 4,676,628</u></u>

As to credit risk, the above cash and cash equivalents are classified as Category 1, \$100,000; Category 3, \$1,962,747 and \$2,613,881 is unclassified as to credit risk because this balance is not evidenced by securities that exist in physical or book entry form.

Investments – The Authority has elected to limit its investments to those allowed under Florida Statute 218.415(17). There were no carrying amounts for investments at September 30, 2007.

### NOTE 3 - GROUND LEASE

The Authority entered into an agreement January 28, 1980 with the State of Florida Board of Trustees of the Internal Improvement Trust Fund (the Board) to lease park lands from the Board comprised of approximately 207.92 acres for a period of 94 years from the date thereof. The agreement does not call for any lease payments from the Authority but specifies that the park lands shall be used for research, design, development, light manufacturing and assembly, educational and related purposes in furtherance of essential public purposes.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4 – LONG-TERM DEBT

Long-term debt consists of bonds payable at September 30, 2007 less the current maturities.

DBPR Project - On March 27, 1987, the Authority issued a full payout lease purchase agreement in the amount of \$2,182,662 for the purpose of constructing a building to be leased to the Florida Department of Business Regulation (DBPR Bond). Effective July 1, 1993, the Department of Business Regulation was succeeded by the Department of Business and Professional Regulation (DBPR).

As security for the DBPR Bond, the Authority irrevocably and unconditionally assigned all revenues from the underlying lease from the user of the building until the Bond is paid in full. The Bond is not a general obligation of the Authority but is a limited obligation payable solely and only from revenues and other amounts derived from the operation of the DBPR building. (Also referred to as the Centennial I Building)

The bond was payable in monthly installments of \$17,583, including interest at 7.5% per annum, until maturity at March 1, 2008. On May 1, 2000, the Authority elected to redeem the outstanding principal balance in the amount of \$1,256,792 plus interest in the amount of \$7,855 by a new issue described below.

In order to have a more favorable match of the lease revenue with the debt service in the final years of the bond term and to gain a more favorable interest rate, the Authority elected to refinance the above referenced DBPR Bond.

On May 1, 2000, the Authority issued the Leon County Research and Development Authority Revenue Refunding Bond, Series 2000C (Series C) in the amount of \$1,274,463 for the Centennial Building.

As security for the Series C Bond, the Authority irrevocably and unconditionally assigned all revenues from the underlying leases from the users of the buildings until the Bond is paid in full. The Bond is not a general obligation of the Authority but it is a limited obligation payable solely and only from the revenues and other amounts derived from the operations of the Centennial Building.

Beginning June 1, 2000, Series C is payable in monthly installments of \$17,404 until maturity on December 3, 2007, including interest at 5.9% per annum.



NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – LONG-TERM DEBT (Continued)

The above State of Florida underlying lease is a year-to-year lease subject to annual appropriation by the State of Florida, with contemplated renewals that equal or exceed the repayment term of the bond or certificate of participation which it secures. Under the terms of the above referenced lease, the respective state agency has agreed not to seek appropriations for relocation during the period the bond or certificate of participation is outstanding.

On December 21, 2005, the Authority elected to redeem the outstanding principal balance in the amount of \$393,102 plus interest in the amount of \$1,288. A portion of proceeds from a new bond issue was used for the redemption (See Centennial Project).

Centennial Building Project

On December 21, 2005 the Authority entered into an agreement with Wachovia Bank, National Association, relating to the issuance of the \$3,700,000 Leon County Research and Development Authority Lease Revenue Bond, Series 2005 (The “Series 2005 Bonds”). The proceeds of the Bond Issue have been used to renovate approximately 18,000 square feet of existing space in the building, and for an expansion of approximately 6,000 square feet for a high voltage, high current physics facility for use by Florida A & M University. In addition, a portion of the bond proceeds were used to refund the remaining unrefunded portion of the Leon County Research and Development Authority Revenue Refunding Bond, Series 2000C (Series C) issued in 2000. The refunding resulted in a difference between the reacquisition price (amount placed in escrow and the old bond outstanding before refunding) and the net carrying amount of the old bonds (bonds due at maturity adjusted for unamortized issue costs). In accordance with GASB 23, the difference of \$10,019 is reported in the accompanying financial statements as a deduction from bonds payable and will be amortized as interest expense over what would have been the remaining life of the old debt. The balance remaining to be amortized as a result of this bond issue as of September 30, 2007 is \$835.

The refunding resulted in a present value savings of \$65,125.

The Series 2005 Bonds are secured by a Leasehold Mortgage Agreement dated December 21, 2005, executed by The Florida A & M University Board of Trustees (FAMU), for the benefit of the Authority. The issue costs for these Bonds in the amount of \$69,344 are being amortized using the straight-line method over the life of the debt. The Series 2005 Bonds are payable in monthly interest-only installments of \$14,029.17 from January 1, 2006 through December 31, 2006. Thereafter, the Bonds are payable in monthly installments of \$23,508 including interest at 4.55% per annum.

NOTE TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – LONG-TERM DEBT (Continued)

Johnson Building Project - On November 1, 1994 the Authority issued the Leon County Research and Development Authority Lease Revenue Bonds, Series 1994 in the amount of \$3,865,000. (The Florida State University Research Foundation, Inc. Issue) (the "Bond"). Florida State University Research Foundation, Inc. (the "Foundation"), is Guarantor on the Bond Issue. The proceeds of the Bond Issue have been used to construct a two-story research complex containing 39,400 square feet, with connection to the atrium, elevators and appurtenant landscaping, and are located on site 6(G) within Innovation Park. The Building consists of three modules and with the underlying real property, is leased to the Florida State University Research Foundation, Inc. for its use and sublease for scientific research and development purposes, which are consistent with the requirements of Florida Statutes, Chapter 159, Parts II and IV.

The Bonds were secured by a Leasehold Mortgage Agreement dated November 1, 1994, executed by the Foundation for the benefit of the Authority (which has assigned its rights thereunder to the Trustee) granting a first lien on and security interest in the leasehold interest of the Foundation in the Project and by a Guaranty Agreement dated November 1, 1994 delivered by the Foundation to the Trustee for the benefit of the Bondholders.

On November 1, 1995, the Foundation redeemed in full the \$3,865,000 Bond Issue. This redemption by the Foundation is considered to be advance lease payments to the Authority and as such, will be amortized and recognized as revenue over the life of the initial lease term.

Shaw Building Project - On July 1, 1996 the Authority entered into an indenture of Trust with Southtrust Bank of Florida, National Association, relating to the issuance of the \$4,400,000 Leon County Research and Development Authority Lease Revenue Bond, Series 1996 (The Florida State University Research Foundation, Inc. Issue) (the "Bonds"). The proceeds of the Bond Issue has been used to construct and equip a two-story research building containing 39,400 square feet with elevators and appurtenant landscaping, and are located on site 6(G) and a portion of sites 1(B) and 3(B) in Innovation Park. The Building consists of two modules and with the underlying real estate property is leased to the Foundation for its use and sublease for scientific, research and development purposes, which are consistent with the requirements of Florida Statutes, Chapter 159, Part II and VI. On February 19, 1997, this facility was dedicated as Frank Shaw Building.

The Bonds were secured by an assignment of the Trust Estate created by the Indenture. The Bonds were also secured by a Leasehold Mortgage Agreement dated July 1, 1996, executed by the Foundation for the benefit of the Authority (which has assigned its rights thereunder to the Trustee) granting a first lien on and security interest in the leasehold interest of the Foundation in the Project and by a Guaranty Agreement dated July 1, 1996. The issue costs for these Bonds in the amount of \$156,722 were being amortized using the straight-line method over the life of the debt.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – LONG-TERM DEBT (Continued)

At the request of the Foundation, and, in order to gain a more favorable interest rate, on May 1, 1998, the Authority reissued these Bonds. The Bonds were currently payable in monthly installments of \$28,337.19 including interest at 4.24% per annum. The issue had a mandatory call provision and the remaining unpaid principal and interest was due July 1, 2006. Amortization of the debt started on February 1, 1997. All cost of the reissue of the Bonds was paid by the Foundation.

On December 30, 2005, with funds provided by the Foundation, the Authority redeemed the remaining principal balance in the amount of \$2,483,811 plus interest in the amount of \$6,358. These funds provided by the Foundation is considered to be advance lease payments to the Authority and as such, will be amortized and recognized as revenue over the life of the initial lease term.

A summary of the current and long-term portion of the debt is shown below:

<u>TITLES OF ISSUE</u>	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Centennial Bond, Series 2005, Payable over 20 Years Beginning January 21, 2006	\$ 120,173	\$ 3,493,212	\$ 3,613,385*

\* The Series 2005 Bonds are payable in monthly interest-only installments of \$14,029.17 from January 21, 2006 through December 21, 2006. Thereafter, the Bonds are payable in monthly installments of \$23,508 including interest and principal.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – LONG-TERM DEBT (Continued)

The annual requirement to amortize the debt as of September 30, 2007 is as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	120,174	161,923	282,097
2009	125,755	156,341	282,096
2010	131,598	150,498	282,096
2011	137,711	144,385	282,096
2012	144,111	137,986	282,097
2013	150,807	131,289	282,096
2014	157,814	124,282	282,096
2015	165,144	116,952	282,096
2016	172,819	109,277	282,096
2017	180,847	101,249	282,096
2018	189,249	92,847	282,096
2019	198,043	84,054	282,097
2020	207,243	74,853	282,096
2021	216,872	65,224	282,096
2022	226,950	55,146	282,096
2023	237,493	44,603	282,096
2024	248,528	33,568	282,096
2025	260,074	22,022	282,096
2026	272,156	9,940	282,096
2027	69,997	531	70,528
Totals	<u>\$ 3,613,385</u>	<u>\$ 1,816,970</u>	<u>\$ 5,430,355</u>

NOTE 5 – RETIREMENT PLAN

All employees of the Authority, who work twenty hours or more per week, are eligible to participate in the Florida Retirement System, a multiple employer public employee retirement system. The payroll for the employees covered by the System for the year ended September 30, 2007 was \$143,659.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 – RETIREMENT PLAN (Continued)

Normal retirement requires six years of service and age 62 or the age the member becomes vested, or thirty years of service, regardless of age, whichever comes first. Benefits are computed on the basis of age, average final compensation (AFC) and service credit. AFC is the average of the five highest fiscal years of earnings. Each year of service is expressed as a percentage of AFC. The total percentage value received is determined by calculating the total value of all service, which is based on the retirement plan to which the member belonged when the service was earned. Benefits fully vest on reaching 6 years of creditable service. Vested employees may retire early and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

The Authority pays the entire contribution, which for the current year was \$13,744 representing 9.6% of covered payroll through September 30, 2007.

The "actuarial accrued liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension "actuarial accrued value of assets" at July, 2007 for the System as a whole, determined through an actuarial evaluation performed as of that date, was \$125.5 billion. The System's "actuarial accrued liability" for benefits on that date was \$118.8 billion, leaving a surplus "unfunded actuarial accrued liability" of \$6.7 billion.

On November 18, 1997 the Authority adopted the National Association of Counties Deferred Compensation Program pursuant to Section 457 of the Internal Revenue Code. The deferred compensation plan allows for the voluntary participation of all eligible employees of the Authority. All assets of the Plan, including all deferred amounts, property and rights purchased with deferred amounts, and all income attributable to such deferred amount, property or rights, other than assets held in annuity contracts, will be held in a custodial account described in IRC Section 457(g).

The custodian shall hold such custodial account thereof for the exclusive benefit of the participants and beneficiaries and the assets may not be diverted to any other use. As of the end of the current year one employee is participating in the plan and has contributed \$73,225 to the plan. The investment balance in the plan as of September 30, 2007 is \$163,146.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 – COMMITMENTS AND CONTINGENCES

Master Plan Update and Future Park Development - In April of 1992 the Authority applied for abandonment of the DRI Study. Effective January 7, 1993 the request for abandonment was approved. The DRI Study was no longer necessary to accomplish the development goals of the park but may be required in the future.

The Authority is presently in the process of updating the master development plan of the Park. On September 20, 2005, the Authority approved a five-year Capital Improvement Plan (CIP). On November 18, 2007 the Authority entered into an agreement with a local consulting firm for the purpose of accomplishing goals outlined in the Plan. As of September 30, 2007, \$353,492 has been incurred and capitalized as park development costs. At the present time the estimated costs for the Capital Improvement Plan include \$40,000 for building rehabilitation, \$20,000 for streetscape and signage, \$235,000 for Park amenities, \$85,000 for a business incubator program, \$100,000 for PUD/DRI, and \$135,000 for storm water expenses.

The Avalanche Partnership Project - On January 7, 2002, the Authority granted a purchase option to Avalanche Partnership for Lot 1(e), consisting of 2.42 acres for a period of three years from the date of agreement. The Authority has granted Avalanche Partnership the right to extend the option for an additional three year term for the sum of \$5,000 in cash, none of which will be applied towards the advance ground lease payment of \$157,300 which would be in the form of the ground lease agreement covering lots 2(e) and 3(e) above. Avalanche Partnership exercised the option on January 7, 2005. The lease will extend from January 7, 2005 to January 7, 2008.

Economic Development – Corporate Location Agreement - The Authority entered into an agreement on January 6, 2006 with the City of Tallahassee and Danfoss Turbocor Compressors Inc. (Danfoss) for the construction of a facility to house the Tallahassee operation of the company. The agreement calls for the City of Tallahassee and the Authority to jointly construct the facility at a cost to the City of Tallahassee and the Authority of \$4.5 million. In addition, the City of Tallahassee and the Authority have agreed to reimburse the Company's special building requirements, up to a maximum equal to the lesser of \$200,000 or the amount by which the total of all design and construction costs is less than \$4.8 million. Upon completion, the Authority would own 20% of the building. During the current year, the construction project was completed at a total cost to the Authority of \$72,469. A new agreement between The Authority and the City of Tallahassee and Danfoss is pending which will limit the Authority's contribution to \$72,469.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

Agreement Among Tenants in Common – On January 6, 2006, the Authority and the City of Tallahassee entered into an “Agreement Between Tenants in Common”. The purpose of this Co-Tenancy is for the construction, ownership, management and leasing of a building to be occupied by Danfoss Turbocor Compressors Inc. The term of the Co-Tenancy is for fifty (50) years, commencing on January 6, 2006, and ending on January 6, 2056, unless sooner terminated by the Tenants in Common. The ownership and the operating interests in the Co-Tenancy is 20% for the Authority and 80% for the City. Contributions by the Authority include Lots 1D, 2D and 3D to the Co-Tenancy by leasing these properties for one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. The City is to provide up to \$4,750,000 for construction of the building. The Authority is to provide up to \$450,000 for construction of the building. An amendment to this agreement is pending which will remove the \$450,000 contribution for the Authority.

According to the agreement, any sublease of the property and building will require the tenant to pay all maintenance and operational expenses, rent, utilities, insurance, Common Area Fees, and taxes.

Ground Lease – On January 6, 2006, the Authority and the City of Tallahassee entered into a ground lease. The terms of the lease include rental of Lots 1D, 2D and 3D as set forth in the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992. The term of the ground lease is for fifty (50) years, commencing on January 6, 2006 and ending on January 6, 2056. The City, as tenant, will pay the Authority the sum of one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. In addition, a common area fee will be assessed annually on a per-acre basis to City. The fee assessed and outstanding for 2007 is \$21,195.

Marketing and Public Relations – Effective November 21, 2004 the Authority entered into an agreement with a local marketing firm. The agreement provides for planning and execution of media and marketing strategies for the period through November 21, 2005. The contract fee for these services is \$60,000 plus expenses, payable in installments of \$5,000 per month. On December 21, 2005 this agreement was extended on a month to month basis at a fee of \$5,000 per month.

Resolution of Commitment – On July 15, 2003, the Authority passed a Resolution committing substantial resources to developing various partnership arrangements identified in the Resolution, for the fostering of economic development in the Park. To successfully achieve these objectives, a strategic plan will be developed to leverage the Authority’s funds along with donations from other partners, and to obtain additional funding through matching grants.



NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

Employment Agreement – Effective October 1, 2002, the Authority entered into a five year agreement with its Executive Director. If the Executive Director is terminated, as defined in the agreement, at any time during the five year term, the Authority agrees to pay, a severance fee equal to one month's gross salary for each year (or pro rata part thereof) the Executive Director has been employed as Executive Director. On September 18, 2007 the Board of Governors extended the employment contract for a period of six month beginning October 1, 2007 through March 31, 2008. The renewal will be on the same terms and conditions as the original agreement.

Phipps Building Renovation – Included in Work in Progress is \$517,980 for renovations to expand the Phipps building from 11,661 sq.ft. to 14,661 sq.ft., which is required under the terms of the new lease agreement. Estimated cost of completion for the renovations is \$63,500.

NOTE 7 - OPERATING LEASES

On October 1, 2005, the Authority entered into an agreement with the Foundation for 100% of Sliger Building less Suite 100 Modules I and II of Research Complex. The initial term of the leasehold shall be from October 1, 2005, through November 1, 2011. The monthly lease payment due under this agreement is \$470 for a management fee during the Initial Lease Term. Upon expiration of the Initial Lease Term, the management fee will be calculated using the \$470 management fee plus the consumer price index increases for each year since the October 1, 2005 effective date of this Agreement. After the Initial Lease Term, the Lease will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the end of any lease term of its desire to terminate. In addition to the management fee of \$470 the Foundation is also responsible for the annual common area fees.

Under the terms of the agreement, the Authority will assume all right, title and leasehold interest in the Morgan Building, denominated as Module III in the lease agreement dated October 2, 1985. In addition, the Foundation terminates certain interests in Module IV of the Morgan Building, including but not limited to its right of first refusal with regard to Module IV of the Morgan Building.

On September 30, 1986 and October 10, 1986 the Authority entered into long-term leases with the Florida Department of Transportation and the Florida Department of Environmental Protection.

The agreement with DOT (Phipps Building) is for 11,661 sq.ft. and requires monthly payments of \$9,163 beginning June 1, 1987 through May 31, 2002 with an option to renew for an additional five year term. Upon the retirement of the debt service the monthly payments will not exceed 25% of the previous lease. The option to renew for the additional five year term was exercised. Upon expiration of the option on June 1, 2007, an additional option was exercised

NOTES TO FINANCIAL STATEMENTS (Continued)  
NOTE 7 – OPERATING LEASES (Continued)

under the same terms through September 30, 2007. Upon expiration of the extended option, a new long-term lease agreement was entered into for 14,661 sq.ft., which requires monthly payments of \$10,719 beginning October 1, 2007 through September 30, 2022 with an option to renew for an additional five year term.

The agreement with DEP (Collins Building) is for 18,774 sq.ft. (75% of the building) and requires monthly payments of \$14,315 beginning July 1, 2007 through June 30, 2022 with an option to renew for an additional five year term. The option to renew for the additional five year term has been exercised.

On June 12, 2007, the Authority entered into an agreement with the Florida Department of Agriculture and Consumer Services (FDACS) for 25% of the Collins building. The agreement is for 6,126 sq.ft. and requires monthly payments of \$4,671 beginning July 1, 2007 through June 20, 2022 with an option to renew for an additional five year term.

On December 21, 2005, the Authority entered into a lease agreement with Florida A & M University (Centennial Building) for 26,700 sq.ft. building referred to in Note 4. The agreement requires a monthly lease payment in the amount of \$21,360 per month for the first year. Thereafter, lease payments will increase to \$25,585 per month for the duration of the lease term, with an option to renew on an annual basis at a reduced monthly rate of \$2,175.42. Under the terms of the lease, the Authority agreed to expand the square footage of the Centennial Building from 26,700 to 32,700 square feet and renovate approximately 18,000 square feet. On December 21, 2005, the Authority issued the Leon County Research and Development Authority Lease Revenue Bonds, Series 2005 in the amount of \$3,700,000. The proceeds were used for the expansion in 2006, and also to redeem the outstanding principal balance of the Leon County Research and Development Authority Centennial Bond, Series C. (Note 4)

On December 7, 1994, the Authority entered into a lease agreement with the Florida State University Research Foundation, Inc. (the "Foundation") for the Johnson Building premises (Note 4). Upon completion of the Project, the Foundation occupied and began making lease payments on October 15, 1995. Since the debt was redeemed (Note 4) by the Foundation, the agreement requires a monthly lease payment in the amount of \$6,853 beginning October 15, 1996. This initial term of the leasehold is through November 1, 2011, after which, the lease term automatically renews for additional twelve-month periods unless the Lessee notifies the Lessor no less than ninety days prior to the end of any lease term of its desire to terminate. The rental rate after the initial term is equal to the actual amounts expended by the Lessor for building operations expense, including, but not limited to, building management, janitorial services, insurance, building maintenance and repairs, taxes, if any, utilities and common area fees.

NOTES TO FINANCIAL STATEMENTS (Continued)  
OPERATING LEASES (Continued)

The redemption of the debt by the Foundation is considered to be lease payments paid in advance and is being deferred and amortized by the Authority over the initial term of the lease using the straight-line method. The amount recognized during the current year, as revenue is \$230,112.

On October 1, 2005, the Authority entered into revised lease agreement with the Foundation for the Johnson building. The initial lease term of the leasehold is from October 1, 2005 through November 1, 2011. The monthly lease payment due under this agreement is \$500 per month for a management fee during the initial lease term. The lease will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the end of any lease term of its desire to terminate. The lease rate after the initial lease term will be the management fee of \$500 plus the consumer price index increases for each year since October 1, 2005. In addition to the \$500 management fee the Foundation is also responsible for the annual common area fees.

On May 6, 1996, the Authority entered into a lease agreement with the Florida State University Research Foundation, Inc. for the Shaw premises. (Note 4)

Upon substantial completion of the project, monthly lease payments began on November 24, 1996. The agreement provides for a reduced lease payment before normal amortization begins. An extra principal reduction was paid from the Construction Account in the amount of \$229,606 prior to normal amortization. The agreement as adjusted requires a monthly lease payment in the amount of \$40,043 beginning June 1, 1997. On May 1, 1998, this lease agreement was amended to reflect the refinancing of the existing bond issue (Note 4). The amended lease requires a monthly lease payment in the amount of \$35,402 beginning May 1, 1998. The initial term of the leasehold is through December 23, 2015, after which, the lease term will automatically renew for additional twelve-month periods unless the Lessee notifies the Lessor no less than ninety days prior to the end of any lease term of its desire to terminate. In addition to the management fees of \$500, the Foundation is also responsible for the annual common area fees.

The rental rate after the initial term is equal to the actual amounts expended by the Lessor for building operations expense, including but not limited to, building management, common area fees, janitorial service, insurance, building maintenance and repairs, taxes, if any, and utilities plus five percent (5%) gross rents received by Lessee from subtenants. Should Lessee occupy any space in Shaw Building, gross rent will be imputed to such space and shall be calculated on the basis of the highest square foot rate paid by any of Lessee's subtenants of the building; provided, however, that such imputed gross rent shall not be less than the then prevailing gross rent paid for comparable space within Innovation Park.

On October 1, 2005, the Authority entered into a revised lease agreement with the Foundation for the Shaw Building. Upon the Authority's retirement of the Series 1996 Bonds with funds provided by the Foundation, beginning January 1, 2006, the Foundation leased one hundred

NOTES TO FINANCIAL STATEMENTS (Continued)  
OPERATING LEASES (Continued)

percent (100%) of the Shaw Building. The initial term of the leasehold shall be for nineteen (19) years, from November 24, 2006 through December 23, 2015. The lease term will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the lease termination date.

The lease agreement calls for no lease payments during the period ending December 23, 2015, however, the Foundation agrees to pay the Authority on a monthly basis five percent (5%) of the gross rents received by the Foundation for subtenants beginning December 24, 2015.

Shaw building, the redemption is considered to be lease payments paid in advance and is being deferred and amortized by the Authority over the initial term of the lease using the straight-line method. The amount recognized during the current year, as revenue is \$286,594.

Following is a table of the minimum future rentals for the next five years:

	<u>Sliger</u>	<u>DOT</u>	<u>DEP</u>	<u>FAMU</u>	<u>Total</u>
Year 1	\$ 5,640	\$ 128,635	\$ 277,835	\$ 310,306	\$ 722,416
Year 2	5,640	128,635	277,835	310,306	722,416
Year 3	5,640	128,635	277,835	310,306	722,416
Year 4	5,640	128,635	277,835	310,306	722,416
Year 5	<u>5,640</u>	<u>128,635</u>	<u>277,835</u>	<u>310,306</u>	<u>722,416</u>
Totals	<u>\$ 28,200</u>	<u>\$ 643,175</u>	<u>\$ 1,389,175</u>	<u>\$ 1,551,530</u>	<u>\$ 3,612,080</u>
	<u>Johnson</u>	<u>*Johnson</u>	<u>*Shaw</u>		
Year 1	\$ 6,000	\$ 230,112	\$ 286,594		522,706
Year 2	6,000	230,112	286,594		522,706
Year 3	6,000	230,112	286,594		522,706
Year 4	6,000	230,112	286,594		522,706
Year 5	<u>6,000</u>	<u>230,112</u>	<u>286,594</u>		<u>522,706</u>
Totals	<u>\$30,000</u>	<u>\$1,150,560</u>	<u>\$1,432,970</u>		<u>2,613,530</u>
Total	All Leases				<u>\$ 6,225,610</u>

\* Deferred Amortized Lease Revenue

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 8 – OTHER LEASE REVENUES / COMMON AREA FEES

During the current year the Authority also has other short-term lease revenues from approximately 32,528 sq.ft. of space in the Sliger/Morgan Buildings in the amount of \$311,687 and 2800 sq.ft. of space in the Administrative Offices in the amount of \$13,362.

The Authority maintains all of the common area in the Park. Owners of long-term leases purchased from the Authority and certain tenants are charged an annual common area fee based on the Park's adjusted annual administrative overhead costs divided by the developable acres. For the current year the Authority recognized common area revenue in the amount of \$176,486.

### NOTE 9 – NONCASH TRANSACTIONS

Supplemental disclosure of non-cash transactions follows:

Unearned Lease Revenue - Johnson Building	\$230,112
Unearned Lease Revenue - Shaw Building	\$286,594

### NOTE 10 - CHANGES IN CAPITAL ASSETS

Following is a summary of the changes in Capital Assets for the current year ending September 30, 2007:

<u>Description</u>	<u>Balance</u> <u>9-30-06</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Balance</u> <u>9-30-07</u>
Buildings	\$16,116,991	\$1,655,971	\$ 1,474,947	\$19,247,909
Equipment and Furnishings	74,659	3,067	-0-	77,726
Improvements	349,223	-0-	-0-	349,223
Land	635,921	-0-	-0-	635,921
Park Development Costs	353,492	-0-	-0-	353,492
Work in Progress	<u>1,478,936</u>	<u>513,991</u>	<u>(1,474,947)</u>	<u>517,980</u>
Total	<u>\$19,009,222</u>	<u>\$2,173,029</u>	<u>\$ 0</u>	<u>\$21,182,251</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - CHANGES IN LONG-TERM DEBT

Following is a summary of the changes in Long-term Debt for the current year ended September 30, 2007:

<u>TITLES OF ISSUES</u>	Balance Outstanding <u>As of 9/30/06</u>	Additions (Payments) <u>(Payments)</u>	Balance Outstanding <u>As of 9/30/07</u>	Principal Due Within <u>One Year</u>
Centennial Bond, Series 2005, Payable over 20 Years Beginning January 21, 2006	<u>\$3,700,000</u>	<u>\$ (86,615)</u>	<u>\$3,613,385</u>	<u>\$120,173</u>

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

SUPPLEMENTARY INFORMATION

Year Ended September 30, 2007



**SANDERS, SANDERS & HOLLOWAY, P.A.**

*Certified Public Accountants*

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Independent Auditor's Report on Supplementary Information

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on Schedule 1 and Schedule 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. The information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sanders, Sanders & Holloway, P.A.*

SANDERS, SANDERS & HOLLOWAY, P.A.  
Certified Public Accountants

January 18, 2007

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**Tallahassee, Florida**  
**Schedule of Other Expenses**  
**Year Ended September 30, 2007**

**CLASSIFICATION**

Office Supplies and Expense	\$ 8,030
Legal	79,122
Accounting	20,850
Bad Debt Expense	12
Telephone	5,429
General Authority Expense	2,420
Security	2,009
Park Marketing	72,384
Master Plan	2,160
Technology Grants	30,000
Utilities	68,541
Insurance	24,012
Travel and Conferences	867
Repairs and Maintenance	103,453
Miscellaneous	38,481
Membership Dues	<u>10,344</u>
<b>TOTAL</b>	<u><u>\$ 468,114</u></u>

**Read Independent Auditor's Report on**  
**Supplementary Information.**  
**Schedule 1**

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**Tallahassee, Florida**  
**Schedule of Revenues and Expenses With Budget and Variance**  
**YEAR ENDED SEPTEMBER 30, 2007**

	Original Budget	Final Budget	Actual Amount		Unexpended Budget	
				%		%
<b>Revenues</b>						
Leases	\$ 1,279,871	\$ 1,279,871	\$ 1,272,270	73.6	\$ 7,601	0.6
Common Area Fees	172,556	172,556	176,486	10.2	-3,930	-2.3
Management Fees	11,640	11,640	11,640	0.7	0	0.0
Impact Fees	22,600	22,600	22,204	1.3	396	1.8
Other Income	0	0	890	0.1	-890	0.0
Investment Income	180,241	180,241	244,061	14.1	-63,820	-35.4
<b>Total Revenues</b>	<u>1,666,908</u>	<u>1,666,908</u>	<u>1,727,551</u>	<u>100.0</u>	<u>-60,643</u>	<u>-3.6</u>
<b>Administrative Expenses</b>						
Salaries and Employee Benefits	178,539	178,539	176,225	10.2	2,314	1.3
Office Supplies and Copy Expenses	6,000	6,000	7,609	0.4	-1,609	-26.8
Postage	500	500	421	0.0	79	15.8
Legal	60,000	60,000	79,122	4.6	-19,122	-31.9
Accounting	30,000	30,000	20,850	1.2	9,150	30.5
Telephone	5,275	5,275	5,429	0.3	-154	-2.9
Membership and Dues	13,820	13,820	10,344	0.6	3,476	25.2
Vehicle Mileage	825	825	867	0.1	-42	-5.1
Travel and Conferences	7,200	7,200	0	0.0	7,200	100.0
Staff Development	1,000	1,000	0	0.0	1,000	100.0
Supplies and Other Maintenance	23,000	23,000	27,861	1.6	-4,861	-21.1
Contingency Fund	20,000	20,000	2,512	0.1	17,488	87.4
General Authority Expenses	7,000	7,000	3,570	0.2	3,430	49.0
Security	1,648	1,648	1,469	0.1	179	10.9
Park Marketing	88,500	88,500	72,384	4.2	16,116	18.2
<b>Total Administrative Expenses</b>	<u>443,307</u>	<u>443,307</u>	<u>408,663</u>	<u>23.7</u>	<u>34,644</u>	<u>7.8</u>
<b>Economic Development Expenses</b>						
General Economic Development Activities	0	0	2,160	0.1	-2,160	0.0
Research Grants	45,000	45,000	30,000	1.7	15,000	33.3
<b>Total Economic Development Expenses</b>	<u>45,000</u>	<u>45,000</u>	<u>32,160</u>	<u>1.9</u>	<u>12,840</u>	<u>28.5</u>
<b>Building and Property Expenses</b>						
Centennial Expenses	170,045	170,045	119,748	6.9	50,297	29.6
*Bond Principal Payments	86,615	86,615	86,615	5.0	0	0.0
Sub-Totals	256,660	256,660	206,363	11.9	50,297	19.6
Research Complex Expenses	168,448	168,448	167,572	9.7	876	0.5
Phipps/Collins Expenses	23,872	23,872	23,758	1.4	114	0.5
Utilities, Other	4,506	4,506	5,830	0.3	-1,324	-29.4
Insurance, Other	2,657	2,657	3,478	0.2	-821	-30.9
Sub-Totals	7,163	7,163	9,308	0.5	-2,145	-29.9
<b>Total Building and Property Expenses and Principal Payments</b>	<u>456,143</u>	<u>456,143</u>	<u>407,001</u>	<u>23.6</u>	<u>49,142</u>	<u>10.8</u>

Read Independent Auditor's Report on  
Supplementary Information.  
**Schedule 2**

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**Tallahassee, Florida**  
**Schedule of Revenues and Expenses With Budget and Variance**  
**YEAR ENDED SEPTEMBER 30, 2007**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>		<b>Unexpended Budget</b>	
				<b>%</b>		<b>%</b>
<b>Capital Expenditures</b>						
*Administration Improvements	23,000	23,000	3,067	0.2	19,933	86.7
*Master Plan, PUD & DRI	394,000	394,000	0	0.0	394,000	100.0
*Technology and Equipment Updates	4,000	4,000	0	0.0	4,000	100.0
*Centennial Building Project	0	0	1,575,099	91.2	-1,575,099	0.0
*Research Complex	100,000	100,000	80,873	4.7	19,127	19.1
*DOT Project	517,000	517,000	517,980	30.0	-980	-0.2
<b>Total Capital Expenditures</b>	<u>1,038,000</u>	<u>1,038,000</u>	<u>2,177,019</u>	<u>126.0</u>	<u>-1,139,019</u>	<u>-109.7</u>
<b>Total Expenses, Principal Payments and Capital Expenditures</b>	<u>1,982,450</u>	<u>1,982,450</u>	<u>3,024,843</u>	<u>175.1</u>	<u>-1,042,393</u>	<u>-52.6</u>
<b>Net Sub-Totals Before Depreciation, Amortization and Adjustments</b>	<u>-315,542</u>	<u>-315,542</u>	<u>-1,297,292</u>	<u>-75.1</u>	<u>981,750</u>	<u>-311.1</u>
<b>Less Depreciation and Amortization</b>						
Centennial Building	49,543	49,543	127,076	7.4	-77,533	-156.5
DOT/DEP Building	52,491	52,491	52,491	3.0	0	0.0
Research Complex Building	108,339	108,339	108,423	6.3	-84	-0.1
Johnson Building	0	0	88,361	5.1	-88,361	0.0
Shaw Building	0	0	97,071	5.6	-97,071	0.0
Depreciation, Other	44,486	44,486	49,905	2.9	-5,419	-12.2
<b>Sub-Totals Depreciation and Amortization</b>	<u>254,859</u>	<u>254,859</u>	<u>523,327</u>	<u>30.3</u>	<u>-268,468</u>	<u>-105.3</u>
<b>Net Sub-Totals Before Adjustments</b>	<u>-570,401</u>	<u>-570,401</u>	<u>-1,820,619</u>	<u>-105.</u>	<u>1,250,218</u>	<u>-219.2</u>
<b>Adjustments</b>						
*Add Capital Expenditures and Principal Payments	1,124,615	1,124,615	2,263,634	131.0	-1,139,019	-101.3
Less Deferred Revenue Recognized , Johnson Bldg.	-230,112	-230,112	0	0.0	-230,112	100.0
Less Deferred Revenue Recognized , Shaw Bldg.	-286,594	-286,594	0	0.0	-286,594	100.0
<b>NET REVENUES</b>	<u>\$ 37,508</u>	<u>\$ 37,508</u>	<u>\$ 443,015</u>	<u>25.6</u>	<u>\$ -405,507</u>	<u>-1,081</u>

Read Independent Auditor's Report on  
Supplementary Information .  
**Schedule 2**

**SANDERS, SANDERS & HOLLOWAY, P.A.**  
*Certified Public Accountants*

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Independent Auditor's Report on Internal Controls and  
Compliance based on an Audit Performed  
in Accordance with Government Auditing Standards

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

We have audited the financial statements of the Leon County Research and Development Authority as of and for the year ended September 30, 2007, and have issued our report thereon dated January 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The attached Appendix is an integral part of this report.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Board of Governor  
Leon County Research and  
Development Authority

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the deficiencies described in the accompanying Letter of Management Comments and Recommendations to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the accompanying Letter of Management Comments and Recommendations is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Board of Governor  
Leon County Research and  
Development Authority

This report is intended for the information and use of the Board of Governors, Management, Leon County, Department of Community Affairs and the Auditor General of the State of Florida. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Florida, Auditor General, is a matter of public record.

*Sanders, Sanders & Holloway P.A.*

SANDERS, SANDERS & HOLLOWAY, P.A.  
Certified Public Accountants

January 18, 2008



**SANDERS, SANDERS & HOLLOWAY, P.A.**  
*Certified Public Accountants*

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Letter of Management Comments and Recommendations

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

Gentlemen:

In planning and performing our audit of the financial statements of the Leon County Research and Development Authority, for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control in order as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that might be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies :

Letter 2  
Page 1 of 3

Board of Governors  
Leon County Research and  
Development Authority

Property Additions – We noted the schedule of additions, which is kept in spreadsheet form, did not include all additions acquired during the year. Approximately 500 asset additions were purchased. Of these, we noted approximately 186 furniture and computer items which had not been added to the schedule and assigned property tags.

We recommend that the schedule of fixed asset additions should be maintained as assets are purchased to simplify the process of capitalizing property and equipment additions at year end. The schedule should include the date the asset is acquired, a description of the asset, the vendor name, and the purchase amount. Invoices for asset acquisition and invoices for all other disbursements should be kept on file in a manner that allows retrieval of the original invoice for review and verification as needed by management and auditors. In addition, tags should be used wherever possible in order to identify and track specific assets.

Financial condition assessment procedures were applied pursuant to Section 218.39(5), Florida Statutes as of September 30, 2007, and consideration was given to subsequent events through the date of our report. No deteriorating financial conditions are noted.

In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

One irregularity reported in the previous year audit report concerning “Lease Agreements” has been corrected. The recommendations made for the preceding audit report concerning “Lease Agreements” have been followed.

One irregularity reported in the previous year audit report concerning “Signature Stamp” has been corrected. The recommendations made for the preceding audit report concerning “Signature Stamp” have been followed.

The Authority has complied with the lease revenue/ debt service covenant in the \$3,700,000 Leon County Research and Development Authority Lease Revenue Note, Series 2005. The lease payments received from the Lessee were sufficient to cover required debt service by at least 1.10 times annual debt service on the Series 2005 Note for the fiscal year.

Board of Governors  
Leon County Research and  
Development Authority

The Authority has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The financial report filed with the Florida Department of Banking and Finance pursuant to section 218.32(1)(a), Florida Statute, is in agreement with this annual financial audit.

This communication is intended solely for the information and use of the Board of Governors, Management, Leon County, Department of Community Affairs and the Auditor General of the State of Florida. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Florida, Auditor General, is a matter of public record.

We would like to take this opportunity to express our appreciation to the Board for the opportunity to serve the Authority. We would also like to thank the Board of Governors, Ms. NicholSEN, Ms. Lewis and the Authority's legal counsel for their help and cooperation in performing our examination.

*Sanders, Sanders & Holloway, P.A.*

SANDERS, SANDERS & HOLLOWAY, P.A.  
Certified Public Accountants  
January 18, 2008

APPENDIX TO REPORT  
ON INTERNAL CONTROLS AND COMPLIANCE  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

RESPONSIBILITY OF MANAGEMENT

The management of the Authority is responsible for compliance with laws, regulations, contracts, and grants applicable to the Authority, and for establishing and maintaining internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

DEFINITIONS

Control Deficiency

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Significant Deficiency

A control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

Material Weakness

A significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Because of inherent limitations in any control structure, errors or irregularities nevertheless may occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

February 12, 2008

Leon County Clerk of Courts  
Alan Rosenzweig, Finance Officer  
P. O. Box 726  
Tallahassee, Florida 32302

Dear Mr. Rosenzweig:

The following is in response to Sanders, Sanders and Holloway letter on Management Comments and Recommendations for the Leon County Research and Development Authority's 2006-2007 audit.

Property Additions – Staff has completed the asset schedule, which includes the date the asset was acquired, description of asset, vendor name, and the purchase amount for all equipment additions for the year. In the future, the asset schedule will be updated as new assets are acquired.

Staff will have all remaining equipment/furniture assets tagged with property tags no later than April 30, 2008.

If there are any questions, please feel free to call me.

Sincerely,



Linda Nichol森  
Executive Director

Cc: Mr. Joe Sanders, Sanders, Sanders and Holloway

TAB 6

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

FINANCIAL STATEMENTS

Year Ended September 30, 2006

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
Tallahassee, Florida  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2006

C O N T E N T S

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

Statement of Net Assets, September 30, 2006 EXHIBIT A

Statement of Revenues, Expenses and  
Changes in Net Assets  
Year Ended September 30, 2006 EXHIBIT B

Statement of Cash Flows,  
Year Ended September 30, 2006 EXHIBIT C

Notes to Financial Statements

Supplementary Information:

Independent Auditor's Report on  
Supplementary Information

Schedule of Other Expenses,  
Year Ended September 30, 2006 SCHEDULE 1

Schedule of Revenues and Expenses with  
Budget and Variance,  
Year Ended September 30, 2006 SCHEDULE 2

Independent Auditor's Report on Internal  
Controls and Compliance LETTER 1

Letter of Management Comments and  
Recommendations LETTER 2

Appendix

Response to Management Letter LETTER 3



**SANDERS, SANDERS & HOLLOWAY, P.A.**

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FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

We have audited the accompanying financial statements of the Leon County Research and Development Authority (the Authority), an enterprise fund, as of September 30, 2006 and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leon County Research and Development Authority as of September 30, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report (Letter 1) dated December 14, 2006 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Sanders, Sanders & Holloway, P.A.*

Sanders, Sanders & Holloway, P.A.  
Certified Public Accountants  
December 14, 2006

## LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's management discussion and analysis presents an overview of the Authority's financial activities for the fiscal year ended September 30, 2006. Please read it in conjunction with the Authority's financial statements.

The Authority has implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. This statement requires governmental entities to report finances in accordance with specific guidelines. This section of the report is intended to provide a brief, objective, and easily readable analysis of the Authority's financial performance for the year and its financial position at fiscal year end September 30, 2006.

### Overview of the Financial Statements

The Authority is supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The basic financial statements for a Enterprise Fund include: Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows. The basic financial statements provide readers with a broad view of the Authority's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### Financial Analysis

A comparison summary of the Statement of Net Assets is presented below:

Summary of Net Assets			
	2006	2005	% Change
Current and Other Assets	\$ 5,343,072	\$ 3,329,055	60.5%
Capital Assets, Net of Depreciation	12,497,053	11,308,096	10.5%
Non-current Assets	1,262,044	1,293,110	-2%
<b>Total Assets</b>	<b>19,102,169</b>	<b>15,930,261</b>	<b>19.9%</b>
Current Liabilities	905,253	937,405	-3.4%
Non-current Liabilities	6,352,801	3,714,157	71.0%
<b>Total Liabilities</b>	<b>7,258,054</b>	<b>4,651,562</b>	<b>56.0%</b>
Invested in Capital Assets	8,869,490	8,843,211	0.3%
Restricted Net Assets	1,936,049	8,842	21796.1%
Unrestricted Net Assets	1,038,576	2,426,646	-57.2%
<b>Total Net Assets</b>	<b>\$ 11,844,115</b>	<b>\$ 11,278,699</b>	<b>5.0%</b>



LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Non-current assets consist of unamortized bond costs and investment in U.S. Treasury notes with maturity dates extending beyond the end of the fiscal year.

Invested in Capital Assets represent the Authority's long-term investment in capital assets, net of accumulated depreciation, and is not available for current operations. Restricted net assets consist of restricted cash designated for current construction projects, less associated liabilities.

A comparative summary of changes in net assets is presented below:

Summary of Changes in Net Assets			
	2006	2005	% Change
Operating Revenues (Lease Revenue and Other)	\$ 1,367,579	\$ 1,509,315	-9.4%
Non-operating Revenues	349,437	78,533	345.0%
Total Revenues	1,717,016	1,587,848	8.1%
Operating Expenses	1,014,203	965,471	5.0%
Non-operating Expenses	137,397	156,475	-12.2%
Total Expenses	1,151,600	1,121,946	2.6%
Change in Net Assets	\$ 565,416	\$ 465,902	21.4%

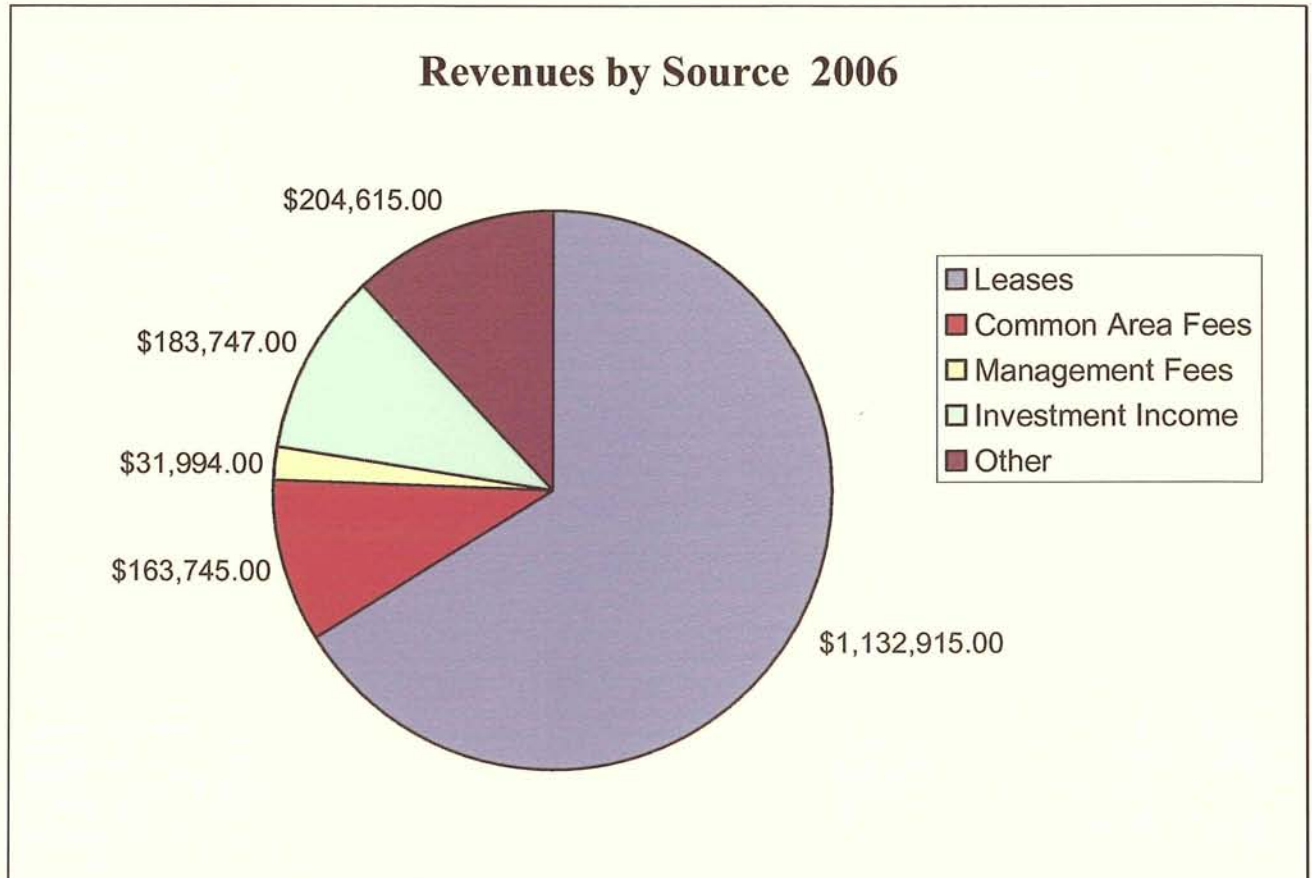
Total revenues and total operating expenses increased, with an increase in net assets over the prior fiscal year.

The Authority is reliant upon continued tenant occupancy for future financial stability. In order to expand its role to support economic development and attract technology related businesses to Innovation Park, the Authority approved funding for the Innovation Park Technology Commercialization Grant Program. This program, now in its second year, offers financial assistance to technology-related products and services for companies with commercial potential. Grant monies of \$45,000 were approved for disbursement in fiscal year 2006, the total of which was awarded to eligible grantees.

Other initiatives made by the Authority involve updating the Authority's master plan. The Authority intends to collect feedback from Innovation Park tenants to gather suggestions and ideas for future growth and development. The estimated cost for park planning and development for 2007 is \$394,000.

**LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Graphic presentation of income data from the summary tables follow to assist in the analysis of the Authority's activities for fiscal year 2006:



As graphically portrayed above and discussed earlier, the Authority is heavily reliant on tenant leases to support operations. Tenant leases provided 65% of the Authority's total revenues for fiscal year 2006. Other fees consist of impact fees, miscellaneous income and transfers of \$165,690 from unearned income.

**Budgetary Highlights**

The Authority's revenue budget for fiscal year 2006 was approximately \$3,726,081. This was an increase of \$2,263,286 over the previous year budget, however, \$2,371,452 of this increase in both revenues and expenses represented the payoff requirements for the Shaw bond payoff by the Florida State University Research Foundation. Without this adjustment, the net amount of the budget increase over the previous year budget was \$108,166.

LEON COUNTY RESEARCH & DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Authority ended the year with a net budget surplus of \$964,039. A substantial amount of the surplus resulted from lower expenditures than budgeted for Economic Development, the Authority's Master Plan, Plan Unit Development (PUD) and Development of Regional Impact (DRI). The amount budgeted for these activities was \$570,000; related expenditures totaled \$80,000.

**Contacting the Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Leon County Research and Development Authority's office at 1736 West Paul Dirac Drive, Tallahassee, Florida.



**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2006**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 3,128,541
Accounts Receivable- Leases and Other	259,859
Accrued Interest Receivable	18,624

Total Current Assets \$ 3,407,024

**RESTRICTED ASSETS**

Cash and Cash Equivalents	1,936,048
---------------------------	-----------

**NON-CURRENT ASSETS**

Long-term Investments	1,195,452
Bond Issue Costs, Net of Amortization	<u>66,592</u>

Total Non-current Assets 1,262,044

**CAPITAL ASSETS**

Buildings	16,116,991
Equipment and Furnishings	74,659
Improvements	349,223
Land	635,921
Park Development Costs	353,492
Work In Progress	<u>1,478,936</u>

Total	19,009,222
Less Accumulated Depreciation	<u>(6,512,169)</u>

Total Capital Assets 12,497,053

**TOTAL ASSETS \$ 19,102,169**

Read Accompanying Notes to Financial Statements.

EXHIBIT A

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2006**

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	\$ 43,211	
Accrued Compensated Absences	17,366	
Accrued Interest Payable	4,209	
Unearned Revenue	586,807	
Current Maturities on Long Term Debt	<u>253,660</u>	
Total Current Liabilities		\$ 905,253

**RESTRICTED LIABILITIES**

**NON-CURRENT LIABILITIES**

Bonds Payable	3,446,340	
Less Deferred Charges	<u>(5,845)</u>	
Bonds Payable, Net of Deferred Charges	3,440,495	

**UNEARNED REVENUE**

	<u>2,912,306</u>	
Total Non-Current Liabilities and Unearned Revenue		6,352,801

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	8,869,490	
Restricted for Capital Projects	1,936,049	
Unrestricted	<u>1,038,576</u>	
Total Net Assets		<u>11,844,115</u>

<b>TOTAL LIABILITES AND NET ASSETS</b>		<b><u>\$ 19,102,169</u></b>
----------------------------------------	--	-----------------------------

Read Accompanying Notes to Financial Statements.

EXHIBIT A

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**Year Ended September 30, 2006**

**OPERATING REVENUES**

Leases	\$ 1,132,915	
Common Area Fees	163,745	
Management Fees	31,994	
Other	<u>38,925</u>	
Total Operating Revenues		\$ 1,367,579

**OPERATING EXPENSES**

Salaries and Employee Benefits	169,261	
Depreciation Expense	442,447	
Other Expenses	<u>402,495</u>	
Total Operating Expenses		<u>1,014,203</u>

**Operating Income** 353,376

**NON-OPERATING REVENUE (EXPENSES)**

Investment Income	183,747	
Amortization Expense	(86,033)	
Interest Expense	(51,364)	
Other Transfers	<u>165,690</u>	
Total Non-Operating Revenue (Expenses)		<u>212,040</u>

**Change in Net Assets** 565,416

**NET ASSETS, BEGINNING OF YEAR** 11,278,699

**NET ASSETS, END OF YEAR** \$ 11,844,115

Read Accompanying Notes to Financial Statements.  
EXHIBIT B



**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**TALLAHASSEE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**Year Ended September 30, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received From Tenants	\$ 847,205
Cash Payments to Suppliers for Goods and Services	(186,784)
Cash Payments to Employees and Professional Contractors for Services	(365,487)
Other Operating Revenues	<u>38,925</u>

**Net Cash Provided (Used) by Operating Activities** **333,859**

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	(1,609,591)
Principal Paid on Bonds	(497,428)
Bond Proceeds	3,700,000
Bond Issue Costs	(69,344)
Interest Paid on Bonds	<u>(42,518)</u>

**Net Cash Provided (Used) by Capital and Related Financing Activities** **1,481,119**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and Dividends on Investments	<u>164,503</u>
---------------------------------------	----------------

**Net Cash Provided (Used) by Investing Activities** **164,503**

**Net Increase (Decrease) in Cash and Cash Equivalents** **1,979,481**

**Cash and Cash Equivalents, Beginning of Year** **3,085,108**

**Cash and Cash Equivalents, End of Year** **\$ 5,064,589**

**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities:**

Operating Income	\$ 353,376
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	442,447
Unearned Revenue, Johnson Building	(230,112)
Unearned Revenue, Shaw Building	(214,945)
(Increase) Decrease in Accounts Receivable	(34,537)
Increase (Decrease) in Accounts Payable	20,855
Increase (Decrease) in Unearned Revenue	(1,855)
Increase (Decrease) in Compensated Absences	<u>(1,370)</u>

**Net Cash Provided (Used) by Operating Activities** **\$ 333,859**

**Supplemental Schedule of Non-cash Investing Activities**

Net Increase (Decrease) in Fair Value of Investments	<u><u><b>\$ (8,532)</b></u></u>
------------------------------------------------------	---------------------------------

Read Accompanying Notes to Financial Statements.

EXHIBIT C

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY  
Tallahassee, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY (the Authority) was created by the Leon County Board of County Commissioners pursuant to County Ordinance No. 80-68 pursuant to the requirements of Section 159.703, Florida Statute as amended in 1987. The Authority is constituted as a public instrumentality for the purposes of development, operation, management, and financing of a research and development park, and the exercise by an Authority of the powers conferred by Section 159.701 through 159.7095, Florida Statutes as amended in 1987, and shall be deemed and held to be the performance of an essential public purpose. The administrative offices of the Authority are located at 1736 West Paul Dirac Drive, Tallahassee, Florida. The purpose of the Authority as Section 159.701 was amended in 1989, is the promotion of scientific research and development in affiliation with and related to the research and development activities of one or more state-based, accredited, public or private institutions of higher education; including facilities that complement or encourage the complete operation thereof as defined by, and in the manner provided by, the Florida Industrial Development Financing Act; and for the purpose of fostering the economic development and broadening the economic base of a county in affiliation with one or more institutions of higher education.

The Authority has acquired land within Leon County to perform any and all functions related or incidental to the operations of the Park, also referred to as Innovation Park/Tallahassee. The Park is to provide a compatible location where selected applied research operations can be established to build upon and mutually benefit the economy of North Florida, the research capabilities of Florida A & M and Florida State Universities, and the services of Florida's capital city.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principles – The Authority follows the provisions of Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued by the Governmental Accounting Standards Board.

The Authority has established one enterprise fund, which accounts for construction of improvements and leases of property within the Research Park. As such, it hires consultants and contractors to build and construct commercial buildings and infrastructure within the Park. The enterprise fund is also used to collect the lease revenues and is charged with the responsibility of servicing the revenue bonds of the Authority (See Note 4).

Accounting Basis - Assets, liabilities, revenues and expenses have been recorded on the accrual basis of accounting. As allowed by Governmental Accounting Standard Board Statement No. 20, the Authority follows all applicable standards issued by the Financial Accounting Standards Board.

Reporting Entity - The Authority was notified on October 22, 1991 by the Office of the Comptroller, Department of Banking and Finance, State of Florida, that it had been re-classified from an independent to a dependent special district. The Authority has been notified by Leon County, its governing authority that the County does not view the Authority as a component unit of Leon County and therefore the Authority should continue to issue separate financial reports.

Budgetary Accounting - As a dependent special district, the Authority adopts an annual operating budget prepared on the accrual basis of accounting which is consistent with generally accepted accounting principles.

Cash and Cash Equivalents - Cash and cash equivalents are cash in checking, investments in money market funds, pooled investments and US Treasury notes (including restricted cash) purchased with an original maturity of three months or less.

Revenue Recognition - Revenue is recognized when collectibility is reasonably assured or the amount that will be collected can be estimated.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets – Capital Assets are carried at cost. The cost of buildings, improvements and equipment and furnishings is depreciated using the straight-line method based on the following estimated lives:

Buildings	10-40 Years
Improvements	5-20 Years
Equipment and Furnishings	5-8 Years

Beginning October 1, 1986, capital outlays for the construction of streets, parks, water and sewer lines and other types of infrastructure expenditures are capitalized and included in improvements. To date, all such completed projects have been transferred and accepted by the City of Tallahassee.

Amortization - The costs of obtaining bonded debt are deferred and amortized over the life of the bonds using the straight-line method.

Accounts Receivable- Leases and Other - Included in accounts receivable is \$85,359 for leases, \$21,010 for common area fees, \$152,520 for tenant re-billing and \$970 for management fees.

Restricted Cash - Included in restricted cash is \$1,936,048 designated for the completion of capital projects.

### NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents – All deposit accounts of the Authority are placed in banks that qualify as a public depository, as required by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. The authority also held cash in the Local Government Surplus Funds Trust Fund Investment Pool (the Pool), an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida, and in money market accounts in various financial institutions. The Pool meets the criteria for a 2a-7 like as defined in GASB 31 at September 30, 2006. Therefore, the investment is valued at amortized



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - CASH AND INVESTMENTS (Continued)

cost and the fair market value at September 30, 2006 is the same. Cash and cash equivalents are recorded as follows:

	<u>Value Method</u>	<u>Rate/ Maturity</u>	<u>Principal Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Local Gov. Surplus Trust Fund	Cost	5.39% 10/01	\$ 2,476,175	\$ 2,476,175	\$ 2,476,175
Government Advantage Interest Checking	Cost	4.06% 10/01	<u>\$ 2,588,418</u>	<u>2,588,418</u>	<u>\$ 2,588,418</u>
Totals			<u>\$ 5,064,593</u>	<u>\$ 5,064,593</u>	<u>\$ 5,064,593</u>

As to credit risk, the above cash and cash equivalents are classified as Category 1, \$100,000; Category 3, \$2,488,418 and \$2,476,175 is unclassified as to credit risk because this balance is not evidenced by securities that exist in physical or book entry form.

Investments – The Authority has elected to limit its investments to those allowed under Florida Statute 218.415(17). Investments at September 30, 2006 consisted of short and long-term U.S. Treasury notes. Such investments are considered category 1 for GASB purposes. All investments are carried at fair value. The carrying amounts for September 30, 2006 are as follows:

	<u>Rate/ Maturity</u>	<u>Principal Value</u>	<u>Amortized Cost</u>	<u>Fair Value 9/30/06</u>
<u>Long-term</u>				
U.S. Treasury Note	4.375% 05/15/07	<u>\$ 1,200,000</u>	<u>\$ 1,212,881</u>	<u>\$ 1,195,452</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 3 - GROUND LEASE

The Authority entered into an agreement January 28, 1980 with the State of Florida Board of Trustees of the Internal Improvement Trust Fund (the Board) to lease park lands from the Board comprised of approximately 207.92 acres for a period of 94 years from the date thereof. The agreement does not call for any lease payments from the Authority but specifies that the park lands shall be used for research, design, development, light manufacturing and assembly, educational and related purposes in furtherance of essential public purposes.

### NOTE 4 – LONG-TERM DEBT

Long-term debt consists of bonds payable at September 30, 2006 less the current maturities.

DBPR Project - On March 27, 1987, the Authority issued a full payout lease purchase agreement in the amount of \$2,182,662 for the purpose of constructing a building to be leased to the Florida Department of Business Regulation (DBPR Bond). Effective July 1, 1993, the Department of Business Regulation was succeeded by the Department of Business and Professional Regulation (DBPR).

As security for the DBPR Bond, the Authority irrevocably and unconditionally assigned all revenues from the underlying lease from the user of the building until the Bond is paid in full. The Bond is not a general obligation of the Authority but is a limited obligation payable solely and only from revenues and other amounts derived from the operation of the DBPR building. (Also referred to as the Centennial Building)

The bond was payable in monthly installments of \$17,583, including interest at 7.5% per annum, until maturity at March 1, 2008. On May 1, 2000, the Authority elected to redeem the outstanding principal balance in the amount of \$1,256,792 plus interest in the amount of \$7,855 by a new issue described below.

In order to have a more favorable match of the lease revenue with the debt service in the final years of the bond term and to gain a more favorable interest rate, the Authority elected to refinance the above referenced DBPR Bond.

On May 1, 2000, the Authority issued the Leon County Research and Development Authority Revenue Refunding Bond, Series 2000C (Series C) in the amount of \$1,274,463 for the Centennial Building.

As security for the Series C Bond, the Authority irrevocably and unconditionally assigned all revenues from the underlying leases from the users of the buildings until the Bond is paid in full. The Bond is not a general obligation of the Authority but it is a limited obligation payable solely and only from the revenues and other amounts derived from the operations of the Centennial Building.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4 – LONG-TERM DEBT (Continued)

Beginning June 1, 2000, Series C is payable in monthly installments of \$17,404 until maturity on December 3, 2007, including interest at 5.9% per annum.

The above State of Florida underlying lease is a year-to-year lease subject to annual appropriation by the State of Florida, with contemplated renewals that equal or exceed the repayment term of the bond or certificate of participation which it secures. Under the terms of the above referenced lease, the respective state agency has agreed not to seek appropriations for relocation during the period the bond or certificate of participation is outstanding.

On December 21, 2005, the Authority elected to redeem the outstanding principal balance in the amount of \$393,102 plus interest in the amount of \$1,288. A portion of proceeds from a new bond issue was used for the redemption (See Centennial Project).

#### Centennial Building Project

On December 21, 2005 the Authority entered into an agreement with Wachovia Bank, National Association, relating to the issuance of the \$3,700,000 Leon County Research and Development Authority Lease Revenue Bond, Series 2005 (The "Series 2005 Bonds"). The proceeds of the Bond Issue have been used to renovate approximately 18,000 square feet of existing space in the building, and for an expansion of approximately 6,000 square feet for a high voltage, high current physics facility for use by Florida A & M University. In addition, a portion of the bond proceeds were used to refund the remaining unrefunded portion of the Leon County Research and Development Authority Revenue Refunding Bond, Series 2000C (Series C) issued in 2000. The refunding resulted in a difference between the reacquisition price (amount placed in escrow and the old bond outstanding before refunding) and the net carrying amount of the old bonds (bonds due at maturity adjusted for unamortized issue costs). In accordance with GASB 23, the difference of \$10,019 is reported in the accompanying financial statements as a deduction from bonds payable and will be amortized as interest expense over what would have been the remaining life of the old debt. The balance remaining to be amortized as a result of this bond issue as of September 30, 2006 is \$5,844.

The refunding resulted in a present value savings of \$65,125.

The Series 2005 Bonds are secured by a Leasehold Mortgage Agreement dated December 21, 2005, executed by The Florida A & M University Board of Trustees (FAMU), for the benefit of the Authority. The issue costs for these Bonds in the amount of \$69,344 are being amortized using the straight-line method over the life of the debt. The Series 2005 Bonds are payable in monthly interest-only installments of \$14,029.17 from January 1, 2006 through December 21, 2006. Thereafter, the Bonds are payable in monthly installments of \$23,508 including interest at 4.55% per annum.



NOTE TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – LONG-TERM DEBT (Continued)

Johnson Building Project - On November 1, 1994 the Authority issued the Leon County Research and Development Authority Lease Revenue Bonds, Series 1994 in the amount of \$3,865,000.(The Florida State University Research Foundation, Inc. Issue) (the "Bond"). Florida State University Research Foundation, Inc. (the "Foundation"), is Guarantor on the Bond Issue. The proceeds of the Bond Issue have been used to construct a two-story research complex containing 39,400 square feet, with connection to the atrium, elevators and appurtenant landscaping, and are located on site 6(G) within Innovation Park. The Building consists of three modules and with the underlying real property, is leased to the Florida State University Research Foundation, Inc. for its use and sublease for scientific research and development purposes, which are consistent with the requirements of Florida Statutes, Chapter 159, Parts II and IV.

The Bonds were secured by a Leasehold Mortgage Agreement dated November 1, 1994, executed by the Foundation for the benefit of the Authority (which has assigned its rights thereunder to the Trustee) granting a first lien on and security interest in the leasehold interest of the Foundation in the Project and by a Guaranty Agreement dated November 1, 1994 delivered by the Foundation to the Trustee for the benefit of the Bondholders.

On November 1, 1995, the Foundation redeemed in full the \$3,865,000 Bond Issue. This redemption by the Foundation is considered to be advance lease payments to the Authority and as such, will be amortized and recognized as revenue over the life of the initial lease term.

Shaw Building Project - On July 1, 1996 the Authority entered into an indenture of Trust with Southtrust Bank of Florida, National Association, relating to the issuance of the \$4,400,000 Leon County Research and Development Authority Lease Revenue Bond, Series 1996 (The Florida State University Research Foundation, Inc. Issue) (the "Bonds"). The proceeds of the Bond Issue has been used to construct and equip a two-story research building containing 39,400 square feet with elevators and appurtenant landscaping, and are located on site 6(G) and a portion of sites 1(B) and 3(B) in Innovation Park. The Building consists of two modules and with the underlying real estate property is leased to the Foundation for its use and sublease for scientific, research and development purposes, which are consistent with the requirements of Florida Statutes, Chapter 159, Part II and VI. On February 19, 1997, this facility was dedicated as Frank Shaw Building.

The Bonds were secured by an assignment of the Trust Estate created by the Indenture. The Bonds were also secured by a Leasehold Mortgage Agreement dated July 1, 1996, executed by the Foundation for the benefit of the Authority (which has assigned its rights thereunder to the Trustee) granting a first lien on and security interest in the leasehold interest of the Foundation in the Project and by a Guaranty Agreement dated July 1, 1996. The issue costs for these Bonds in the amount of \$156,722 were being amortized using the straight-line method over the life of the debt.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – LONG-TERM DEBT (Continued)

At the request of the Foundation, and, in order to gain a more favorable interest rate, on May 1, 1998, the Authority reissued these Bonds. The Bonds were currently payable in monthly installments of \$28,337.19 including interest at 4.24% per annum. The issue had a mandatory call provision and the remaining unpaid principal and interest was due July 1, 2006. Amortization of the debt started on February 1, 1997. All cost of the reissue of the Bonds was paid by the Foundation.

On December 30, 2005, with funds provided by the Foundation, the Authority redeemed the remaining principal balance in the amount of \$2,483,811 plus interest in the amount of \$6,358. These funds provided by the Foundation is considered to be advance lease payments to the Authority and as such, will be amortized and recognized as revenue over the life of the initial lease term.

A summary of the current and long-term portion of the debt is shown below:

<u>TITLES OF ISSUE</u>	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Centennial Bond, Series 2005, Payable over 20 Years Beginning January 21, 2006	\$ 253,660	\$ 3,446,340	\$ 3,700,000*

\* The Series 2005 Bonds are payable in monthly interest-only installments of \$14,029.17 from January 21, 2006 through December 21, 2006. Thereafter, the Bonds are payable in monthly installments of \$23,508 including interest and principal.



NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – LONG-TERM DEBT (Continued)

The annual requirement to amortize the debt as of September 30, 2006 is as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2007	86,615	167,044	253,659
2008	120,174	161,923	282,097
2009	125,755	156,341	282,096
2010	131,598	150,498	282,096
2011	137,711	144,385	282,096
2012	144,111	137,986	282,097
2013	150,807	131,289	282,096
2014	157,814	124,282	282,096
2015	165,144	116,952	282,096
2016	172,819	109,277	282,096
2017	180,847	101,249	282,096
2018	189,249	92,847	282,096
2019	198,043	84,054	282,097
2020	207,243	74,853	282,096
2021	216,872	65,224	282,096
2022	226,950	55,146	282,096
2023	237,493	44,603	282,096
2024	248,528	33,568	282,096
2025	260,074	22,022	282,096
2026	272,156	9,940	282,096
2027	69,997	531	70,528
Totals	<u>\$ 3,700,000</u>	<u>\$ 1,984,014</u>	<u>\$ 5,684,014</u>

NOTE 5 – RETIREMENT PLAN

All employees of the Authority, who work twenty hours or more per week, are eligible to participate in the Florida Retirement System, a multiple employer public employee retirement system. The payroll for the employees covered by the System for the year ended September 30, 2006 was \$134,605.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 5 – RETIREMENT PLAN (Continued)

Normal retirement requires six years of service and age 62 or the age the member becomes vested, or thirty years of service, regardless of age, whichever comes first. Benefits are computed on the basis of age, average final compensation (AFC) and service credit. AFC is the average of the five highest fiscal years of earnings. Each year of service is expressed as a percentage of AFC. The total percentage value received is determined by calculating the total value of all service, which is based on the retirement plan to which the member belonged when the service was earned. Benefits fully vest on reaching 6 years of creditable service. Vested employees may retire early and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

The Authority pays the entire contribution, which for the current year was \$11,577 representing 8.6% of covered payroll through September 30, 2006.

The "actuarial accrued liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension "actuarial accrued value of assets" at July, 2006 for the System as a whole, determined through an actuarial evaluation performed as of that date, was \$117.1 billion. The System's "actuarial accrued liability" for benefits on that date was \$110.9 billion, leaving a surplus "unfunded actuarial accrued liability of \$6.2 billion.

On November 18, 1997 the Authority adopted the National Association of Counties Deferred Compensation Program pursuant to Section 457 of the Internal Revenue Code. The deferred compensation plan allows for the voluntary participation of all eligible employees of the Authority. All assets of the Plan, including all deferred amounts, property and rights purchased with deferred amounts, and all income attributable to such deferred amount, property or rights, other than assets held in annuity contracts, will be held in a custodial account described in IRC Section 457(g).

The custodian shall hold such custodial account thereof for the exclusive benefit of the participants and beneficiaries and the assets may not be diverted to any other use. As of the end of the current year one employee is participating in the plan and has contributed \$69,058 to the plan. The investment balance in the plan as of September 30, 2006 is \$124,039.



## NOTE 6 – COMMITMENTS AND CONTINGENCES

### Road Project

In December of 1990 the City of Tallahassee, (City) and the Board of Regents (Board) entered into a joint venture agreement of which the Authority is a party. The Board agrees to make available \$291,000 from the FAMU/FSU College of Engineering Construction fund towards the completion of the road project. The funds will be paid to the City and the City is responsible for monitoring the progress of the work, which is to be performed in accordance with plans and specifications, and shall sign off on all invoices prior to the contractor being paid.

If there are any construction funds remaining upon completion of the road project, an amount may be due the City for project management, inspection and testing. During 1994/1995 fiscal year \$205,672 was transferred to fund the road project cost and has been recognized as contributed capital with the remaining balance of \$85,328 remaining in unearned income and will be recognized when the funds are disbursed. The \$205,672 was transferred to the City of Tallahassee for ownership and maintenance during the 1994/1995 fiscal year. During the current year these funds were used for new signage in the Park.

Master Plan Update and Future Park Development - In April of 1992 the Authority applied for abandonment of the DRI Study. Effective January 7, 1993 the request for abandonment was approved. The DRI Study was no longer necessary to accomplish the development goals of the park but may be required in the future.

The Authority is presently in the process of updating the master development plan of the Park. On October 1, 2004, the Authority entered into phase III of an agreement with a local consulting firm for the purpose of refining the near term (1-5 years) scheme adopted by the Board to include details on specific parcels, improve Park signage and include a capital improvement program to include Park improvements to amenities and marketing materials. This will enable the Board and Park Staff to make decisions regarding a complete master plan update and PUD amendments to position the Park to meet the needs of potential tenants. The fee to complete this portion of the review process is estimated to be \$394,000 and is to be completed by September 30, 2007. As of September 30, 2006, \$353,492 has been incurred and capitalized as park development costs. At the present time the estimated cost for completion of the streetscape is \$85,000, Park amenities \$350,000, and miscellaneous expenses \$9,000.

The Avalanche Partnership Project - On January 7, 2002, the Authority granted a purchase option to Avalanche Partnership for Lot 1(e). consisting of 2.42 acres for a period of three years from the date of agreement. The Authority has granted Avalanche Partnership the right to extend the option for an additional three year term for the sum of \$5,000 in cash, none of which will be applied towards the advance ground lease payment of \$157,300 which would be in the form of the ground lease agreement covering lots 2(e) and 3(e) above. Avalanche Partnership exercised the option on January 7, 2005. The lease will extend from January 7, 2005 to January 7, 2008.



NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – COMMIMENTS AND CONTINGENCIES (Continued)

Economic Development – Corporate Location Agreement - The Authority entered into an agreement on January 6, 2006 with the City of Tallahassee and Danfoss Turbocor Compressors Inc. (Danfoss) for the construction of a facility to house the Tallahassee operation of the company. The agreement calls for the City of Tallahassee and the Authority to jointly construct the facility at a cost to the City of Tallahassee and the Authority of \$4.5 million. In addition, the City of Tallahassee and the Authority have agreed to reimburse the Company's special building requirements, up to a maximum equal to the lesser of \$200,000 or the amount by which the total of all design and construction costs is less than \$4.8 million. Upon completion, the Authority would own 20% of the building. During the current year, the construction project was completed at a total cost to the Authority of \$72,469. A new agreement between The Authority and the City of Tallahassee and Danfoss is pending which will limit the Authority's contribution to \$72,469.

Agreement Among Tenants in Common – On January 6, 2006, the Authority and the City of Tallahassee entered into an "Agreement Between Tenants in Common". The purpose of this Co-Tenancy is for the construction, ownership, management and leasing of a building to be occupied by Danfoss Turbocor Compressors Inc. The term of the Co-Tenancy is for fifty (50) years , commencing on January 6, 2006, and ending on January 6, 2056, unless sooner terminated by the Tenants in Common. The ownership and the operating interests in the Co-Tenancy is 20% for the Authority and 80% for the City. Contributions by the Authority include Lots 1D, 2D and 3D to the Co-Tenancy by leasing these properties for one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. The City is to provide up to \$4,750,000 for construction of the building. The Authority is to provide up to \$450,000 for construction of the building. An amendment to this agreement is pending which will remove the \$450,000 contribution for the Authority.

According to the agreement, any sublease of the property and building will require the tenant to pay all maintenance and operational expenses, rent, utilities, insurance, Common Area Fees, and taxes.

Ground Lease – On January 6, 2006, the Authority and the City of Tallahassee entered into a ground lease. The terms of the lease include rental of Lots 1D, 2D and 3D as set forth in the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992. The term of the ground lease is for fifty (50) years, commencing on January 6, 2006 and ending on January 6, 2056. The City, as tenant, will pay the Authority the sum of one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. In addition, a common area fee will be assessed annually on a per-acre basis to City. The fee assessed and paid in 2006 was \$19,196.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 – COMMIMENTS AND CONTINGENCIES (Continued)

Marketing and Public Relations – Effective November 21, 2004 the Authority entered into an agreement with a local marketing firm. The agreement provides for planning and execution of media and marketing strategies for the period through November 21, 2005. The contract fee for these services is \$60,000 plus expenses, payable in installments of \$5,000 per month. The renewal agreement On December 21, 2005 this agreement was extended on a month to month basis at a fee of \$5,000 per month.

Resolution of Commitment – On July 15, 2003, the Authority passed a Resolution committing substantial resources to developing various partnership arrangements identified in the Resolution, for the fostering of economic development in the Park. To successfully achieve these objectives, a strategic plan will be developed to leverage the Authority's funds along with donations from other partners, and to obtain additional funding through matching grants.

Employment Agreement – Effective October 1, 2002, the Authority entered into a five year agreement with it's Executive Director. If the Executive Director is terminated, as defined in the agreement, at any time during the five year term, the Authority agrees to pay, a severance fee equal to one month's gross salary for each year (or pro rata part thereof) the Executive Director has been employed as Executive Director.

### NOTE 7 - OPERATING LEASES

On October 1, 2005, the Authority entered into an agreement with the Foundation for 100% of Sliger Building less Suite 100 Modules I and II of Research Complex. The initial term of the leasehold shall be from October 1, 2005, through November 1, 2011. The monthly lease payment due under this agreement is \$470 for a management fee during the Initial Lease Term. Upon expiration of the Initial Lease Term, the management fee will be calculated using the \$470 management fee plus the consumer price index increases for each year since the October 1, 2005 effective date of this Agreement. After the Initial Lease Term, the Lease will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the end of any lease term of its desire to terminate. In addition to the management fee of \$470 the Foundation is also responsible for the annual common area fees.

Under the terms of the agreement, the Authority will assume all right, title and leasehold interest in the Morgan Building, denominated as Module III in the lease agreement dated October 2, 1985. In addition, the Foundation terminates certain interests in Module IV of the Morgan Building, including but not limited to its right of first refusal with regard to Module IV of the Morgan Building. For the lease period commencing October 1, 2005, and ending September 30, 2006, the Foundation will pay the difference in rent, if any, between the rents due and owing for the Foundation's subtenants in the Morgan Building, and rent under the full service lease, which is \$14.50 per square foot.



NOTES TO FINANCIAL STATEMENTS (Continued)  
NOTE 7 – OPERATING LEASES (Continued)

On September 30, 1986 and October 10, 1986 the Authority entered into long-term leases with the Florida Department of Transportation and the Florida Department of Environmental Protection respectively for the building referred to in Note 4. The agreement with DOT (Phipps Building) is for 11,661 sq.ft. and requires monthly payments of \$9,163 beginning June 1, 1987 through May 31, 2002 with an option to renew for an additional five year term. Upon the retirement of the debt service the monthly payments will not exceed 25% of the previous lease. The option to renew for the additional five year term has been exercised.

The agreement with DEP (Collins Building) is for 24,900 sq.ft. and requires monthly payments of \$19,878 beginning July 1, 1987 through June 30, 2002 with an option to renew for an additional five year term. Upon retirement of debt service the monthly payments will not exceed 25% of the previous lease. The option to renew for the additional five year term has been exercised.

On February 2, 1987 the Authority entered into a long-term lease with the Florida Department of Business and Professional Regulation (Centennial Building) for the 26,700 sq.ft. building referred to in Note 4. The agreement requires monthly payments of \$21,360 beginning November 1, 1987 and continuing through October 31, 2007 with an option to renew on November 1, 2007 at \$5,340 monthly through October 31, 2012.

Effective July 1, 1999 Florida A & M University assumed the lease on the Centennial Building under the same terms and conditions. As further stipulated in all of the above agreements, the obligations of the Lessee under the terms of the lease agreements are subject to the legal availability of funds appropriated annually by the Legislature of the State of Florida and/or the availability of funds through contract or grant programs.

On December 21, 2005, the Authority entered into a revised lease agreement with Florida A & M University. The lease term extends from December 21, 2005 through December 21, 2026. The agreement requires a monthly lease payment in the amount of \$21,360 per month for the first year. Thereafter, lease payments will increase to \$25,585 per month for the duration of the lease term. Under the terms of the lease, the Authority has agreed to expand the square footage of the Centennial Building from 26,700 to 32,700 square feet and renovate approximately 18,000 square feet. On December 21, 2005, the Authority issued the Leon County Research and Development Authority Lease Revenue Bonds, Series 2005 in the amount of \$3,700,000. The proceeds will be used for the expansion in 2006, and also to redeem the outstanding principal balance of the Leon County Research and Development Authority Centennial Bond, Series C. (Note 4)



NOTES TO FINANCIAL STATEMENTS (Continued)  
OPERATING LEASES (Continued)

On December 7, 1994, the Authority entered into a lease agreement with the Florida State University Research Foundation, Inc. (the "Foundation") for the Johnson Building premises (Note 4). Upon completion of the Project, the Foundation occupied and began making lease payments on October 15, 1995. Since the debt was redeemed (Note 4) by the Foundation, the agreement requires a monthly lease payment in the amount of \$6,853 beginning October 15, 1996. This initial term of the leasehold is through November 1, 2011, after which, the lease term automatically renews for additional twelve-month periods unless the Lessee notifies the Lessor no less than ninety days prior to the end of any lease term of its desire to terminate. The rental rate after the initial term is equal to the actual amounts expended by the Lessor for building operations expense, including, but not limited to, building management, janitorial services, insurance, building maintenance and repairs, taxes, if any, utilities and common area fees.

The redemption of the debt by the Foundation is considered to be lease payments paid in advance and is being deferred and amortized by the Authority over the initial term of the lease using the straight-line method. The amount recognized during the current year, as revenue is \$230,112.

On October 1, 2005, the Authority entered into revised lease agreement with the Foundation for the Johnson building. The initial lease term of the leasehold is from October 1, 2005 through November 1, 2011. The monthly lease payment due under this agreement is \$500 per month for a management fee during the initial lease term. The lease will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the end of any lease term of its desire to terminate. The lease rate after the initial lease term will be the management fee of \$500 plus the consumer price index increases for each year since October 1, 2005. In addition to the \$500 management fee the Foundation is also responsible for the annual common area fees.

On May 6, 1996, the Authority entered into a lease agreement with the Florida State University Research Foundation, Inc. for the Shaw premises. (Note 4)

Upon substantial completion of the project, monthly lease payments began on November 24, 1996. The agreement provides for a reduced lease payment before normal amortization begins. An extra principal reduction was paid from the Construction Account in the amount of \$229,606 prior to normal amortization. The agreement as adjusted requires a monthly lease payment in the amount of \$40,043 beginning June 1, 1997. On May 1, 1998, this lease agreement was amended to reflect the refinancing of the existing bond issue (Note 4). The amended lease requires a monthly lease payment in the amount of \$35,402 beginning May 1, 1998. The initial term of the leasehold is through December 23, 2015, after which, the lease term will automatically renew for additional twelve-month periods unless the Lessee notifies the Lessor no less than ninety days prior to the end of any lease term of its desire to terminate. In addition to the management fees of \$500, the Foundation is also responsible for the annual common area fees.



NOTES TO FINANCIAL STATEMENTS (Continued)  
OPERATING LEASES (Continued)

The rental rate after the initial term is equal to the actual amounts expended by the Lessor for building operations expense, including but not limited to, building management, common area fees, janitorial service, insurance, building maintenance and repairs, taxes, if any, and utilities plus five percent (5%) gross rents received by Lessee from subtenants. Should Lessee occupy any space in Shaw Building, gross rent will be imputed to such space and shall be calculated on the basis of the highest square foot rate paid by any of Lessee's subtenants of the building; provided, however, that such imputed gross rent shall not be less than the then prevailing gross rent paid for comparable space within Innovation Park.

On October 1, 2005, the Authority entered into a revised lease agreement with the Foundation for the Shaw Building. Upon the Authority's retirement of the Series 1996 Bonds with funds provided by the Foundation, beginning January 1, 2006, the Foundation leased one hundred percent (100%) of the Shaw Building. The initial term of the leasehold shall be for nineteen (19) years, from November 24, 2006 through December 23, 2015. The lease term will automatically renew for additional twelve month periods unless the Foundation notifies the Authority no less than twelve months prior to the lease termination date.

The lease agreement calls for no lease payments during the period ending December 23, 2015, however, the Foundation agrees to pay the Authority on a monthly basis five percent (5%) of the gross rents received by the Foundation for subtenants beginning December 24, 2015.

Shaw building, the redemption is considered to be lease payments paid in advance and is being deferred and amortized by the Authority over the initial term of the lease using the straight-line method. The amount recognized during the current year, as revenue is \$214,945.

NOTES TO FINANCIAL STATEMENTS (Continued)  
OPERATING LEASES (Continued)

Following is a table of the minimum future rentals for the next five years:

	<u>Sliger</u>	<u>****DOT</u>	<u>****DEP</u>	<u>FAMU</u>	<u>Total</u>
Year 1	\$ 5,640	\$ 54,639	\$ 97,299	\$ 331,300	\$ 488,888
Year 2	5,640	108,879	210,284	310,296	635,099
Year 3	5,640	108,879	210,284	310,296	635,099
Year 4	5,640	108,879	210,284	310,296	635,099
Year 5	<u>5,640</u>	<u>108,879</u>	<u>210,284</u>	<u>310,296</u>	<u>635,099</u>
Totals	<u>\$ 28,200</u>	<u>\$ 490,155</u>	<u>\$ 938,435</u>	<u>\$ 1,572,484</u>	<u>\$ 3,029,274</u>
	<u>Johnson</u>	<u>**Johnson</u>	<u>**Shaw</u>		
Year 1	\$ 6,000	\$ 230,112	\$ 286,594		522,706
Year 2	6,000	230,112	286,594		522,706
Year 3	6,000	230,112	286,594		522,706
Year 4	6,000	230,112	286,594		522,706
Year 5	<u>6,000</u>	<u>230,112</u>	<u>286,594</u>		<u>522,706</u>
Totals	<u>\$30,000</u>	<u>\$1,150,560</u>	<u>\$1,432,970</u>		<u>2,613,530</u>
Total	All Leases				<u>\$ 5,642,804</u>

\*\* Deferred Amortized Lease Revenue

\*\*\*\*\* Assumes New Agreement

NOTE 8 - COMMON AREA FEES

During the current year the Authority also has other short-term lease revenues from approximately 32,528 sq.ft. of space in the Sliger/Morgan Buildings in the amount of \$264,957 and 2800 sq.ft. of space in the Administrative Offices in the amount of \$9,574.

The Authority maintains all of the common area in the Park. Owners of long-term leases purchased from the Authority and certain tenants are charged an annual common area fee based on the Park's adjusted annual administrative overhead costs divided by the developable acres. For the current year the Authority recognized common area revenue in the amount of \$163,744.

## NOTE 9 – NONCASH TRANSACTIONS

Supplemental disclosure of non-cash transactions follows:

Unearned Lease Revenue- Johnson Building	\$230,112
Unearned Lease Revenue- Shaw Building	\$214,945
Increase in Fair Value of Investments	(8,532)

## NOTE 10 - CHANGES IN CAPITAL ASSETS

Following is a summary of the changes in Capital Assets for the current year ending September 30, 2006:

<u>Description</u>	<u>Balance</u> <u>9-30-05</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Balance</u> <u>9-30-06</u>
Buildings	\$16,044,522	\$ 72,469	\$ -0-	\$16,116,991
Equipment and Furnishings	74,659	-0-	-0-	74,659
Improvements	349,223	-0-	-0-	349,223
Land	635,921	-0-	-0-	635,921
Park Development Costs	256,130	-0-	97,362	353,492
Work in Progress	<u>17,363</u>	<u>1,558,935</u>	<u>(97,362)</u>	<u>1,478,936</u>
Total	<u>\$17,377,818</u>	<u>\$1,631,404</u>	<u>\$ 0</u>	<u>\$19,009,222</u>



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 11 - CHANGES IN LONG-TERM DEBT

Following is a summary of the changes in Long-term Debt for the current year ended September 30, 2006:

<u>TITLES OF ISSUES</u>	<u>Balance Outstanding As of 9/30/05</u>	<u>Additions (Payments)</u>	<u>Balance Outstanding As of 9/30/06</u>	<u>Principal Due Within One Year</u>
Centennial Bond, Series C, Payable over 91 months Beginning June 1, 2000	\$ 439,066	\$ (439,066)	-0-	-0-
Shaw Building, Lease Revenue Bonds, Series 1996, Payable Over 20 Years Beginning January 1, 1997	2,539,854	(2,539,854)	-0-	-0-
Centennial Bond, Series 2005, Payable over 20 Years Beginning January 21, 2006	<u>-0-</u>	<u>3,700,000</u>	<u>3,700,000</u>	<u>253,660</u>
Totals	<u>\$ 2,978,920</u>	<u>\$ 721,080</u>	<u>\$ 3,700,000</u>	<u>\$ 253,660</u>

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

SUPPLEMENTARY INFORMATION

Year Ended September 30, 2006

**SANDERS, SANDERS & HOLLOWAY, P.A.**

*Certified Public Accountants*

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Independent Auditor's Report on Supplementary Information

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on Schedule 1 and Schedule 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. The information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sanders, Sanders & Holloway, P.A.*

SANDERS, SANDERS & HOLLOWAY, P.A.  
Certified Public Accountants

December 14, 2006

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**Tallahassee, Florida**  
**Schedule of Other Expenses**  
**Year Ended September 30, 2006**

**CLASSIFICATION**

Office Supplies and Expense	\$ 7,500
Legal	60,521
Accounting	22,420
Telephone	5,490
General Authority Expense	6,582
Security	1,416
Park Marketing	67,478
Technology Grants	45,000
Utilities	44,217
Insurance	11,850
Repairs and Maintenance	91,180
Miscellaneous	25,487
Membership Dues	<u>13,354</u>
<b>TOTAL</b>	<u><u>\$ 402,495</u></u>

Read Independent Auditor's Report on  
Supplementary Information.  
**Schedule 1**



# LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

Tallahassee, Florida

## Schedule of Revenues and Expenses With Budget and Variance

YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Final Budget	Actual Amount		Unexpended Budget	
				%		%
<b>Revenues</b>						
Leases (1)	\$ 3,486,754	\$ 3,183,627	\$ 1,132,915	66.0	\$ 2,050,712	64.4
Common Area Fees	147,900	147,900	163,745	9.5	-15,845	-10.7
Management Fees	37,134	32,994	31,994	1.9	1,000	3.0
Impact Fees	20,413	20,413	21,718	1.3	-1,305	-6.4
Other Income	0	17,033	182,897	10.7	-165,864	-973.
Investment Income	94,002	94,002	183,747	10.7	-89,745	-95.5
<b>Total Revenues</b>	<u>3,786,203</u>	<u>3,495,969</u>	<u>1,717,016</u>	<u>100.0</u>	<u>1,778,953</u>	<u>50.9</u>
<b>Administrative Expenses</b>						
Salaries and Employee Benefits	181,943	181,943	169,261	9.9	12,682	7.0
Office Supplies and Copy Expenses	4,000	4,000	6,785	0.4	-2,785	-69.6
Postage	450	450	715	0.0	-265	-58.9
Legal	60,000	157,083	60,521	3.5	96,562	61.5
Accounting	40,000	40,000	22,420	1.3	17,580	44.0
Telephone	4,653	4,653	5,490	0.3	-837	-18.0
Membership and Dues	13,358	13,358	13,354	0.8	4	0.0
Vehicle Mileage	729	729	809	0.0	-80	-11.0
Travel and Conferences	7,200	7,200	0	0.0	7,200	100.0
Staff Development	1,000	1,000	0	0.0	1,000	100.0
Supplies and Other Maintenance	23,000	23,000	23,499	1.4	-499	-2.2
Contingency Fund	10,000	10,000	0	0.0	10,000	100.0
General Authority Expenses	5,000	5,000	6,573	0.4	-1,573	-31.5
Security	1,648	1,648	1,416	0.1	232	14.1
Park Marketing	88,500	88,500	67,478	3.9	21,022	23.8
<b>Total Administrative Expenses</b>	<u>441,481</u>	<u>538,564</u>	<u>378,321</u>	<u>22.0</u>	<u>160,243</u>	<u>29.8</u>
<b>Economic Development Expenses</b>						
Research Grants	45,000	45,000	45,000	2.6	0	0.0
<b>Total Economic Development Expenses</b>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>2.6</u>	<u>0</u>	<u>0.0</u>
<b>Building and Property Expenses</b>						
Centennial Expenses	23,608	136,532	10,169	0.6	126,363	92.6
*Bond Principal Payments	187,983	45,964	439,066	25.6	-393,102	-855.
Sub-Totals	<u>211,591</u>	<u>182,496</u>	<u>449,235</u>	<u>26.2</u>	<u>-266,739</u>	<u>-146.</u>
Research Complex Expenses	89,855	178,330	136,934	8.0	41,396	23.2
Phipps/Collins Expenses	3,520	3,520	2,678	0.2	842	23.9
Shaw Building Expenses (1)	2,452,387	2,313,751	42,907	2.5	2,270,844	98.1
*Bond Principal Payments	176,751	58,363	58,363	3.4	0	0.0
Sub-Totals	<u>2,629,138</u>	<u>2,372,114</u>	<u>101,270</u>	<u>5.9</u>	<u>2,270,844</u>	<u>95.7</u>
Utilities, Other	3,700	3,700	4,701	0.3	-1,001	-27.1
Insurance, Other	2,415	2,415	2,410	0.1	5	0.2
Sub-Totals	<u>6,115</u>	<u>6,115</u>	<u>7,111</u>	<u>0.4</u>	<u>-996</u>	<u>-16.3</u>
<b>Total Building and Property Expenses and Principal Payments</b>	<u>2,940,219</u>	<u>2,742,575</u>	<u>697,228</u>	<u>40.6</u>	<u>2,045,347</u>	<u>74.6</u>

Read Independent Auditor's Report on  
Supplementary Information.

Schedule 2

**LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY**  
**Tallahassee, Florida**  
**Schedule of Revenues and Expenses With Budget and Variance**  
**YEAR ENDED SEPTEMBER 30, 2006**

	Original Budget	Final Budget	Actual Amount		Unexpended Budget	
				%		%
<b>Capital Expenditures</b>						
*Administration Improvements	23,000	23,000	0	0.0	23,000	100.0
*Master Plan, PUD & DRI	400,000	400,000	80,000	4.7	320,000	80.0
*Technology and Equipment Updates	3,000	3,000	0	0.0	3,000	100.0
*Centennial Building Project	0	0	1,474,947	85.9	-1,474,947	0.0
*DOT Project	0	517,000	3,989	0.2	513,011	99.2
<b>Total Capital Expenditures</b>	<u>426,000</u>	<u>943,000</u>	<u>1,558,936</u>	<u>90.8</u>	<u>-615,936</u>	<u>-65.3</u>
<b>Total Expenses, Principal Payments and Capital Expenditures</b>	<u>3,852,700</u>	<u>4,269,139</u>	<u>2,679,485</u>	<u>156.1</u>	<u>1,589,654</u>	<u>37.2</u>
<b>Net Sub-Totals Before Depreciation, Amortization and Adjustments</b>	<u>-66,497</u>	<u>-773,170</u>	<u>-962,469</u>	<u>-56.1</u>	<u>189,299</u>	<u>-24.5</u>
<b>Less Depreciation and Amortization</b>						
Centennial Building	54,166	54,166	56,469	3.3	-2,303	-4.3
DOT/DEP Building	52,491	52,491	52,491	3.1	0	0.0
Research Complex Building	108,339	108,339	108,339	6.3	0	0.0
Johnson Building	92,185	92,185	90,273	5.3	1,912	2.1
Shaw Building	106,027	106,027	176,178	10.3	-70,151	-66.2
Depreciation, Other	29,460	29,460	44,730	2.6	-15,270	-51.8
<b>Sub-Totals Depreciation and Amortization</b>	<u>442,668</u>	<u>442,668</u>	<u>528,480</u>	<u>30.8</u>	<u>-85,812</u>	<u>-19.4</u>
<b>Net Sub-Totals Before Adjustments</b>	<u>-509,165</u>	<u>-1,215,838</u>	<u>-1,490,949</u>	<u>-86.8</u>	<u>275,111</u>	<u>-22.6</u>
<b>Adjustments</b>						
*Add Capital Expenditures and Principal Payments	790,734	1,047,327	2,056,365	119.8	-1,009,038	-96.3
Less Deferred Revenue Recognized , Johnson Bldg.	<u>-230,112</u>	<u>-230,112</u>	<u>0</u>	<u>0.0</u>	<u>-230,112</u>	<u>100.0</u>
<b>NET REVENUES</b>	<u>\$ 51,457</u>	<u>\$ -398,623</u>	<u>\$ 565,416</u>	<u>32.9</u>	<u>\$ -964,039</u>	<u>241.8</u>

(1) Note: The Authority included \$2,371,452 in revenue and expenses associated with the Centennial bond payoff.

Read Independent Auditor's Report on  
Supplementary Information.  
**Schedule 2**



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Independent Auditor's Report on Internal Controls and  
Compliance based on an Audit Performed  
in Accordance with Government Auditing Standards

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

We have audited the financial statements of the Leon County Research and Development Authority as of and for the year ended September 30, 2006, and have issued our report thereon dated December 14, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The attached Appendix is an integral part of this report.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course performing their assigned functions.

Letter 1  
Page 1 of 2

Board of Governor  
Leon County Research and  
Development Authority

We noted no material matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in a separate letter (Letter3) dated December 14, 2006.

### **Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Governors, Management, Leon County, Department of Community Affairs and the Auditor General of the State of Florida. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Florida, Auditor General, is a matter of public record.

*Sanders, Sanders & Holloway, P.A.*

SANDERS, SANDERS & HOLLOWAY, P.A.  
Certified Public Accountants

December 14, 2006

Letter 1  
Page 2 of 2



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Letter of Management Comments and Recommendations

Board of Governors  
Leon County Research and  
Development Authority  
Tallahassee, Florida

Gentlemen:

In planning and performing our audit of the financial statements of Leon County Research and Development Authority, for the year ended September 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Authority's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The following Appendix should be read in connection with this letter. Following are the reportable conditions noted, none of which is believed to be a material weakness:

Lease Agreements – We noted that the Authority did not have a signed lease agreement for one of the administrative building tenants. The terms of the lease call for a monthly payment of \$227.17 for the lease period ending on December 31, 2006. This was brought to the client's attention, and a signed lease agreement is now on file for this tenant.

We recommend that signed lease agreements be retained for all tenants without exception in order to confirm the rights and responsibilities of the parties.

Letter 2  
Page 1 of 3

Board of Governors  
Leon County Research and  
Development Authority

Signature Stamp – During our testing of cash disbursements we noted that a signature stamp of the Board Chairman was used for nine (9) of the cash disbursements tested. We reviewed internal controls covering the use of the stamp and found that currently, the Board Chairman approves the use of the stamp for specific disbursement requests via email authorization. The signature stamp is currently kept by the Office Manager, who also prepares disbursement checks and reconciles the cash accounts.

An authorized signature provides key internal control as evidence that a supervisor has examined and approved a transaction. In order to provide a better separation of incompatible duties and prevent unauthorized use of the signature stamp, we recommend the following procedures be used:

- 1) The signature stamp should be kept under dual control between the Office Manager and Executive Director. This can be achieved by ensuring that a key is required of each staff member in order to access and use the stamp.
- 2) Bank statements should be forwarded unopened to the Board Chairman and reviewed on a monthly basis. The Chairman should compare written email authorizations made to cancelled check documentation to ensure that only authorized disbursements are signed with the stamp.
- 3) Monthly bank statements should be reviewed by someone other than the person performing the reconciliation.

Financial condition assessment procedures were applied pursuant to Section 218.39(5), Florida Statutes as of September 30, 2006, and consideration was given to subsequent events through the date of our report. No deteriorating financial conditions are noted.

In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

One irregularity reported in the previous year audit report concerning "Unbilled Fees" has been corrected. The recommendations made for the preceding audit report concerning "Unbilled Fees" has been followed.

One irregularity reported in the previous year audit report concerning "Accounts Receivable - Leases" has been corrected. The recommendations made for the preceding audit report concerning "Accounts Receivable - Leases" have been followed.

Letter 2  
Page 2 of 3



Board of Governors  
Leon County Research and  
Development Authority

The Authority has complied with the lease revenue/ debt service covenant in the \$3,700,000 Leon County Research and Development Authority Lease Revenue Note, Series 2005. The lease payments received from the Lessee were sufficient to cover required debt service by at least 1.10 times annual debt service on the Series 2005 Note for the fiscal year.

The Authority has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The financial report filed with the Florida Department of Banking and Finance pursuant to section 218.32(1)(a), Florida Statute, is in agreement with this annual financial audit.

We would like to take this opportunity to express our appreciation to the Board for the opportunity to serve the Authority. We would also like to thank the Board of Governors, Ms. Nichol森, Ms. Lewis and the Authority's legal counsel for their help and cooperation in performing our examination.

*Sanders, Sanders & Holloway, P.A.*

SANDERS, SANDERS & HOLLOWAY, P.A.  
Certified Public Accountants  
December 14, 2006



APPENDIX TO REPORT  
ON INTERNAL CONTROLS AND COMPLIANCE  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

RESPONSIBILITY OF MANAGEMENT

The management of the Authority is responsible for compliance with laws, regulations, contracts, and grants applicable to the Authority, and for establishing and maintaining internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

DEFINITIONS

Reportable Conditions

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Material Weakness

A material weakness is a reportable condition in which the design or operation of internal control does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited could occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of inherent limitations in any internal control structure, errors or irregularities nevertheless may occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

**Appendix**



# INNOVATION PARK

A RESEARCH AND DEVELOPMENT CENTER

March 14, 2007

Mr. Bill Bogan, Jr.  
Finance Officer, Leon County  
P. O. Box 726  
Tallahassee, Florida 32302

Dear Mr. Bogan:

The following is in response to Sanders, Sanders and Holloway letter on Management Comments and Recommendations for the Leon County Research and Development Authority's 2005-2006 audit.

Lease Agreements – This lease was for an existing tenant who had an emergency and needed immediate space. The space was provided to the tenant and the lease was drawn up and forwarded to the tenant's headquarters overseas. The monthly lease fees were billed and payment was received on a timely basis. The lease has now been received, executed and placed in the lease file. Staff will work more diligently to insure a speedier turnaround for executed leases in the future.

Signature Stamp- After a lengthy discussion between the Board Chairman, Treasurer, Office Manager and Executive Director over the use of the signature stamp and review of bank reconciliation the following was decided.

1. Due to the limited number of staff it is not practical or an efficient use of time to follow the recommendation as outlined. It has been determined that the Executive Director will be the only signer on checks in the future.
2. The Board Chairman prefers that the staff review and continue receiving the monthly bank statement.
3. It was determined that in the future the monthly bank statements will be reviewed by the Executive Director and reconciled by the Office Manager each month.

If there are any questions, please feel free to call me.

Sincerely,

Linda Nichol森  
Executive Director

Cc: Mr. Joe Sanders, Sanders, Sanders and Holloway

**TAB 7**



OPTION TO SUBLEASE

THIS OPTION is granted this 7th day of January, 2002, by LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY, a Research and Development Authority created pursuant to Chapter 159, Part V, Florida Statutes (hereinafter referred to as "Optionor") to and in favor of AVALANCHE PARTNERSHIP, a Florida general partnership ("Optionee").

STATEMENT OF BACKGROUND INFORMATION

Optionor is the long term lessee of that certain real property owned by the State of Florida and situated in Tallahassee, Leon County, Florida, known as Innovation Park/Tallahassee, which is subject to an Amended Final Development Plan dated November 20, 1992. Optionee has this date entered into a Ground Lease Agreement with Optionor covering lots 2E and 3E, according to such plan, and desires to obtain an option to sublease lot 1E, being adjacent thereto (the Property). Optionor desires to grant the option to Optionee on the terms and conditions specified herein.

STATEMENT OF AGREEMENT

In consideration of the sum of Ten Dollars (\$10.00) in hand paid, and the advance rent paid under the Ground Lease referred to above, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Optionor hereby grants to Optionee, without additional cost, the exclusive right and option to sublease the Property, as is, on the terms and conditions stated herein:

1. Grant of Option: Optionor does hereby give, grant and convey unto Optionee the sole and exclusive right, privilege and option of subleasing Lot 1E as depicted in the Amended Final Development Plan dated November 20, 1992, as is, for the rent and upon the terms and conditions

This Document Prepared by:  
James Elliott Messer  
P.O. Box 1876  
Tallahassee, FL 32302

hereinafter set forth, together with all easements and rights appurtenant thereto. The southern boundary of Lot 1E as depicted in the Plan has been modified by the legal description of Lots 2E and 3E as set forth in the Ground Lease Agreement of even date.

2. Term and Exercise of Option: The Option herein granted shall remain open and in full force and effect for a period of three (3) years until 12:00 p.m. on January 7, 2005, and may be exercised at any time prior to said time and date by written notice from Optionee to Optionor either delivered or mailed to Optionor as hereinafter provided.

3. Extension of Option: Optionor hereby grants to Optionee the right to extend the option for a second three-year term commencing January 7, 2005, and ending January 7, 2008. For and in consideration of the grant of this extended option, Optionee agrees to pay to the Optionor the sum of Five Thousand and no/100 (\$5,000.00) in cash, on or before 12:00 p.m. on January 7, 2005. No part of the \$5,000.00 shall be credited to or offset against the advance rent described in Section 4 below.

4. Terms of the Sublease: The sublease of the Property shall be in the form of the Ground Lease Agreement covering Lots 2E and 3E, attached hereto as Exhibit "A" and incorporated herein by reference. The Ground Lease Agreement covering Lot 1E shall provide for advance rent, which shall be a one time Ground Lease payment, in the amount of One Hundred Fifty-seven Thousand, Three Hundred and no/100 Dollars (\$157,300.00) (being \$65,000 per acre x 2.42 acres), and such payment shall be made simultaneously with the execution of such Agreement.

5. Condemnation: In the event of the taking of all or any part of the Property by eminent domain proceedings or the commencement of such proceedings prior to the exercise of the Option, Optionor may, at its option, terminate this Option by giving written notice thereof to Optionee.

This Document Prepared by:  
James Elliott Messer  
P.O. Box 1876  
Tallahassee, FL 32302



6. Assignment: This Option may not be assigned, transferred or pledged by Optionee without the prior written consent of Optionor, and any such assignment, transfer, pledge or attempted assignment, transfer, or pledge in violation of this section shall be null, void and of no force and effect.

7. Failure to Exercise Option: If Optionee does not exercise this Option in accordance with its terms and within the option period, this Option and the rights of Optionee shall automatically and immediately terminate without notice. In the event Optionee fails to exercise this Option, as extended, Optionor shall retain the sum paid as consideration therefor.

8. Landscape Buffer: In the event Optionee does not sublease Lot 1E by exercise of the Option granted or otherwise, Optionee agrees to provide a landscape buffer meeting the requirements of the Protective Covenants of Innovation Park/Tallahassee dated February 10, 1981, recorded February 10, 1981, in Official Records Book 984, Page 2269, Public Records of Leon County, Florida. The landscape buffer shall be placed within Lots 2E and 3E along the northern borders thereof and shall extend from the easement providing access from North Paul Dirac Drive, westerly to an access driveway connecting Lot 1E with Paul Dirac Drive through the parking lot servicing Lots 2E and 3E. Optionee hereby acknowledges that Optionor has delivered a copy of the Covenants to Optionee.

9. Broker's Commissions: Optionor and Optionee warrant that there are no claims for broker's commissions or finder's fees in connection with the execution of this Option Agreement and each of the parties agree to indemnify the other against all liabilities arising from any such claim.

10. Modification: This Agreement supersedes all prior discussions and agreements between Optionor and Optionee with respect to the Property and the other matters contained herein.

This Document Prepared by:  
James Elliott Messer  
P.O. Box 1876  
Tallahassee, FL 32302

This Option shall not be modified or amended except by an instrument in writing signed by or on behalf of the parties hereto.

11. Notice: All notices, demands, or requests, including notice of exercise of the option during the initial term or extended term, shall be given from Optionee to Optionor in writing at:

Leon County Research and Development Authority  
ATTN: Linda NicholSEN  
1673 West Paul Dirac Drive  
Tallahassee, FL 32310

With copies to:  
James E. Messer, Esq.  
Post Office Box 1876  
Tallahassee, FL 32302

All notices, demands or requests from Optionor to Optionee shall be given in writing to:

Avalanche Partnership  
c/o Chip Hartung, Managing Partner  
3303 Thomasville Road, Suite 201  
Tallahassee, FL 32312

Notice shall be deemed to have been given upon the deposit of the same in the United States Mail, postage prepaid, registered or certified, return receipt requested, addressed as herein required.

IN WITNESS WHEREOF, this Option has been executed by the Optionor and delivered to and accepted by Optionee, the day and year first above written.

This Document Prepared by:  
James Elliott Messer  
P.O. Box 1876  
Tallahassee, FL 32302

Signed, sealed and delivered in the presence of:

Charles L. Cooper, Jr.  
LINDA H. O'STEEN

Optionor:

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

By: Bruce J. Host

As: Chairman of the Board of Governors of the Leon County Research and Development Authority

Optionee:

AVALANCHE PARTNERSHIP

By: Chip Hartung

As: CHIP HARTUNG  
Managing Partner

STATE OF FLORIDA  
COUNTY OF LEON

The foregoing instrument was acknowledged to and before me by Bruce J. Host, Chairman of the Board of Governors of the LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY, to me well known, who personally appeared before this 7 day of January, 2002, produced FLORIDA DRIVER LICENSE

My Commission Expires:

Linda H. O'Steen  
NOTARY PUBLIC

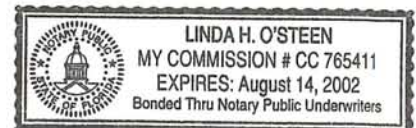
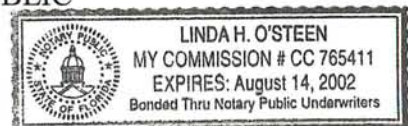
STATE OF FLORIDA  
COUNTY OF LEON

The foregoing instrument was acknowledged to and before me by CHIP HARTUNG, as Managing Partner AVALANCHE PARTNERS, to me well known, who personally appeared before this 7th day of January, 2002, produced FLORIDA DRIVER LICENSE

My Commission Expires:

Linda H. O'Steen  
NOTARY PUBLIC

This Document Prepared by:  
James Elliott Messer  
P.O. Box 1876  
Tallahassee, FL 32302



TAB 8



## GROUND AND BUILDING LEASE

THIS LEASE is made and entered into this 6th day of January, 2006, by and between the CITY OF TALLAHASSEE, a Florida municipal corporation, and the LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY, of the county of Leon and State of Florida, as co-tenants (hereinafter collectively referred to as "Landlord") and DANFOSS TURBOCOR COMPRESSORS, INC. (hereinafter referred to as "Tenant").

WHEREAS Tenant needs space to meet certain manufacturing, research, product development, testing, corporate and administrative needs; and

WHEREAS Landlord has agreed to construct a building (the "Building") on Lots 1D and 2D, in Innovation Park, Tallahassee, Florida (the "Lots"), as such lots are set forth in the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992, and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference;

WHEREAS the parties desire to enter into this Lease defining their rights, duties, and liabilities as hereinafter described;

NOW THEREFORE, in consideration of the rents and other sums to be paid to Landlord by Tenant and the covenants, agreements, terms and conditions specified in this agreement (the "Lease"), Landlord and Tenant agree as follows.

### ARTICLE 1 – CONSTRUCTION OF BUILDING

1.01 Construction. Landlord hereby agrees to construct the Building on the Lots, at Landlord's sole cost, in accordance with design and construction plans and specifications submitted by Sperry & Associates, Inc. and approved by Tenant and Landlord. Neither Tenant nor Landlord shall unreasonably withhold approval of the plans and specifications. The Building shall contain 65,000 gross square feet of space, consisting of 50,000 gross square feet of manufacturing and research and development space (the "Manufacturing and R&D Space"), and 15,000 gross square feet of office space (the "Office Space"). Landlord shall cause construction of the Building to be completed within the time called for under the construction contract with Sperry & Associates, Inc., but Landlord shall not be responsible or liable for delays caused by Tenant or the contractor. Landlord shall pay all construction costs incurred in connection with the design and construction of the



Building, including but not limited to architectural fees, engineering fees, design and build costs, site preparation, and actual construction costs, wiring and installation, tap-on, and connection fees; provided that Tenant shall bear all costs of additional features, equipment, and machinery specifically requested by Tenant ("Tenant's Special Requirements"), including the additional cost for a slab thickness in excess of four inches, additional insulation requested by Tenant, 6000A or other enhanced power service requested by Tenant, enhanced power distribution, and added equipment HVAC. The total proposed design and construction budget is \$ 4,563,356, which includes a bid from Sperry & Associates, Inc. (a copy of which Tenant has received), but excludes Tenant's Special Requirements. Notwithstanding the foregoing, if the total of all design and construction costs through completion of the Building (excluding Tenant's Special Requirements) is less than \$4,800,000.00, then Landlord shall reimburse Tenant for the actual costs of Tenant's Special Requirements, up to a maximum amount equal to the lesser of (i) \$200,000.00, or (ii) the amount by which the total of all such design and construction costs is less than \$4,800,000.00.

1.02 Confirmation of Rentable Area. On or about the date of issuance of a certificate of occupancy for the Manufacturing and R&D Space the parties shall obtain (a) a certification from the general contractor that the Manufacturing and R&D Space as constructed conforms to the plans and specifications approved by Tenant and Landlord, and (b) certification from an architect as to the number of gross square feet in the Manufacturing and R&D Space. On or about the date of issuance of a certificate of occupancy for the Office Space the parties shall obtain (c) a certification from the general contractor that the Office Space as constructed conforms to the plans and specifications approved by Tenant and Landlord, and (d) certification from an architect as to the number of gross square feet in the Office Space.

1.03 Tenant's Rights of Entry Prior to Commencement Date. From time to time prior to Tenant's occupancy of the Manufacturing and R&D Space, Tenant shall have the right to enter upon and inspect the Manufacturing and R&D Space and to provide Landlord with written notice of any deficiency in the Manufacturing and R&D Space or discrepancy between the Manufacturing and R&D Space, as built, and the approved design and specifications for the Building. From time to time prior to Tenant's occupancy of the Office Space, Tenant shall have the right to enter upon and inspect the Office Space and to provide Landlord with written notice of any deficiency in the Office Space or discrepancy between the Office Space, as built, and the approved design and specifications for the Building. Tenant shall provide any such notices within a reasonable time after Tenant



discovers the deficiency or discrepancy. Tenant also may enter the Leased Premises, prior to the Commencement Date, for the purpose of taking measurements, installing Tenant's equipment, fixtures, wiring, plumbing, and connections, and performing other work that may be required in order to prepare for the commencement of Tenant's operations at the Building, provided that Tenant coordinates with the contractor as to the date and time of such entry and such entry does not unreasonably interfere with the construction of the Building. Notwithstanding the foregoing, before entering upon the Leased Premises pursuant to this Section 1.03, Tenant and any of Tenant's contractors performing work at the Leased Premises shall have insurance meeting the applicable requirements of Article 10 of this Lease against claims for personal injury or death or property damage occurring in or about the Leased Premises caused by Tenant or Tenant's contractors.

1.04 Liquidated Damages. The parties acknowledge that Tenant will purchase and schedule the delivery and installation of equipment and machinery, and will employ personnel, in reliance on the understanding that Tenant will be able to install equipment in the Manufacturing and R&D Space and move into the Manufacturing and R&D Space and the Office Space by the applicable completion dates called for under the construction contract with Sperry & Associates, Inc. In negotiating the construction contract for the Building, Landlord shall use its diligent and good faith efforts to include provisions in the construction contract that are reasonably acceptable to Tenant under which the contractor commits (a) to completion dates that are reasonably acceptable to Tenant and Landlord and (b) to pay liquidated damages, in an amount specifically provided for in the construction contract with Sperry & Associates, Inc., if the Manufacturing and R&D Space is not dried in within 143 days of commencement of construction (as determined in accordance with the construction contract), or Substantial Completion of the Manufacturing and R&D Space is not achieved within 189 days of commencement of construction (as determined in accordance with the construction contract), or Substantial Completion of the Office Space is not achieved on or before the date required by the construction contract. Landlord will arrange with the contractor for Tenant to participate in the negotiation of the project completion dates and liquidated damages provisions. In the event of any delay in completion of the Manufacturing and R&D Space or the Office Space, all liquidated damages payable by the contractor pursuant to the construction contract shall be payable to Tenant, and Landlord hereby assigns to Tenant all of Landlord's rights to such liquidated damages, provided that Tenant is occupying the Manufacturing and R&D Space or the Office Space, and is otherwise abiding by any and all other agreements with Landlord. At Tenant's request, and subject to the preceding



sentence, Landlord shall assign to Tenant all of Landlord's rights to enforce against the contractor the liquidated damages provisions of the construction contract and shall fully cooperate with Tenant in enforcing such provisions. Landlord shall not be responsible or liable for delays caused by Tenant or the contractor.

## ARTICLE 2 - DEMISE OF LEASED PREMISES

2.01 Lease of Premises. Subject to the rent, terms, and conditions herein set forth, Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the Lots 1D and 2D, the Building, and all parking areas, walkways, and other improvements constructed on the Lots 1D and 2D (collectively, the "Leased Premises"), to have and to hold for the Term, unless the Term shall be sooner terminated as hereinafter provided. Landlord represents and warrants to Tenant that Landlord has all necessary rights and title to the Leased Premises and all necessary legal authority to enter into this Lease. Landlord shall grant Tenant and Tenant's employees, agents, guests, and invitees access to and from the Leased Premises via roads and easements in Innovation Park.

2.02 Quiet Enjoyment. Landlord covenants and agrees that Tenant, on payment of the rent provided in this Lease and the observance and keeping of all covenants, conditions and terms of this Lease on Tenant's part, shall lawfully and quietly hold, occupy, use and enjoy the Leased Premises during the Term of this Lease without hindrance or interference from Landlord.

## ARTICLE 3 - LEASE TERM

3.01 Term. This Lease shall be effective and binding on the parties as of the date of execution of this Lease. The term of Tenant's occupancy of the Leased Premises (the "Term") shall commence as of the date on which a certificate of occupancy for the Manufacturing and R&D Space is issued (the "Commencement Date"), and shall expire at 11:59 P.M. on the last day of the calendar month in 2026 in which the twentieth (20<sup>th</sup>) anniversary of the Commencement Date occurs, unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the word "Term" includes the term stated above and any duly exercised renewals or extensions thereof. Promptly upon the occurrence of the Commencement Date, the parties shall execute an instrument confirming the Commencement Date, but the failure of any party to do so shall not release any of the parties from any of their obligations hereunder.



3.02 "Lease Year". The first "Lease Year" of this Lease shall commence on the Commencement Date and shall end at 11:59:59 P.M., on the last day of the calendar month in 2007 in which the first anniversary of the Commencement Date occurs. Each subsequent "Lease Year" of this Lease shall begin on the day after the last day of the immediately preceding Lease Year and shall end at 11:59:59 P.M. on the annual anniversary of the end of the first Lease Year.

3.03 Renewal. At any time prior to the expiration of the Term of this Lease, the Landlord shall negotiate with the Tenant in good faith regarding a further renewal and extension of this Lease at fair market value.

3.04 Holdover. If Tenant shall hold over after the expiration of the Term of this Lease with Landlord's acquiescence but without any express written agreement between the parties, the Tenant shall be a tenant at will from month to month at fair market value, and this Lease shall not be automatically renewed.

#### ARTICLE 4 – RIGHT TO EXPAND

4.01 Right to Lease Lot 3D and Expand the Building. Landlord hereby grants to Tenant the exclusive right and option (the "Expansion Option"), during the period of five (5) years commencing on the Commencement Date (the "Expansion Option Term"), to lease Lot 3D, in Innovation Park, Tallahassee, Florida, as such lot is more particularly described in Exhibit "A" ("Lot 3D"), and to construct on Lot 3D an expansion of or addition to the Building (the "Building Expansion"), subject to the terms and conditions specified in this Article 4. The Expansion Option Term is subject to early termination as provided in Section 4.07.

4.02 Exercise of Expansion Option. Tenant may exercise the Expansion Option by giving Landlord written notice of Tenant's exercise of the Expansion Option at any time prior to the expiration or termination of the Expansion Option. From and after the date on which Tenant exercises the Expansion Option, and until the termination of the Lot 3D Ground Lease as provided in Section 4.03, (a) this Lease shall be deemed for all purposes to include a legally enforceable contract between Tenant and Landlord for the lease of Lot 3D, upon the terms and conditions set forth in this Lease, and (b) the Leased Premises shall be deemed to include Lot 3D for all purposes of this Lease, unless the context otherwise clearly requires.

4.03 Term of Lot 3D Ground Lease. If Tenant exercises the Expansion Option, then the term of Tenant's lease of Lot 3D (the "Lot 3D Ground Lease") shall commence on the effective date of Tenant's exercise of the Expansion Option and



## GROUND AND BUILDING LEASE

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WHEREAS Tenant needs space to meet certain manufacturing, research, product development, testing, corporate and administrative needs; and

WHEREAS Landlord has agreed to construct a building (the "Building") on Lots 1D and 2D, in Innovation Park, Tallahassee, Florida (the "Lots"), as such lots are set forth in the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992, and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference;

WHEREAS the parties desire to enter into this Lease defining their rights, duties, and liabilities as hereinafter described;

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Building, including but not limited to architectural fees, engineering fees, design and build costs, site preparation, and actual construction costs, wiring and installation, tap-on, and connection fees; provided that Tenant shall bear all costs of additional features, equipment, and machinery specifically requested by Tenant ("Tenant's Special Requirements"), including the additional cost for a slab thickness in excess of four inches, additional insulation requested by Tenant, 6000A or other enhanced power service requested by Tenant, enhanced power distribution, and added equipment HVAC. The total proposed design and construction budget is \$ 4,563,356, which includes a bid from Sperry & Associates, Inc. (a copy of which Tenant has received), but excludes Tenant's Special Requirements. Notwithstanding the foregoing, if the total of all design and construction costs through completion of the Building (excluding Tenant's Special Requirements) is less than \$4,800,000.00, then Landlord shall reimburse Tenant for the actual costs of Tenant's Special Requirements, up to a maximum amount equal to the lesser of (i) \$200,000.00, or (ii) the amount by which the total of all such design and construction costs is less than \$4,800,000.00.

1.02 Confirmation of Rentable Area. On or about the date of issuance of a certificate of occupancy for the Manufacturing and R&D Space the parties shall obtain (a) a certification from the general contractor that the Manufacturing and R&D Space as constructed conforms to the plans and specifications approved by Tenant and Landlord, and (b) certification from an architect as to the number of gross square feet in the Manufacturing and R&D Space. On or about the date of issuance of a certificate of occupancy for the Office Space the parties shall obtain (c) a certification from the general contractor that the Office Space as constructed conforms to the plans and specifications approved by Tenant and Landlord, and (d) certification from an architect as to the number of gross square feet in the Office Space.

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discovers the deficiency or discrepancy. Tenant also may enter the Leased Premises, prior to the Commencement Date, for the purpose of taking measurements, installing Tenant's equipment, fixtures, wiring, plumbing, and connections, and performing other work that may be required in order to prepare for the commencement of Tenant's operations at the Building, provided that Tenant coordinates with the contractor as to the date and time of such entry and such entry does not unreasonably interfere with the construction of the Building. Notwithstanding the foregoing, before entering upon the Leased Premises pursuant to this Section 1.03, Tenant and any of Tenant's contractors performing work at the Leased Premises shall have insurance meeting the applicable requirements of Article 10 of this Lease against claims for personal injury or death or property damage occurring in or about the Leased Premises caused by Tenant or Tenant's contractors.

1.04 Liquidated Damages. The parties acknowledge that Tenant will purchase and schedule the delivery and installation of equipment and machinery, and will employ personnel, in reliance on the understanding that Tenant will be able to install equipment in the Manufacturing and R&D Space and move into the Manufacturing and R&D Space and the Office Space by the applicable completion dates called for under the construction contract with Sperry & Associates, Inc. In negotiating the construction contract for the Building, Landlord shall use its diligent and good faith efforts to include provisions in the construction contract that are reasonably acceptable to Tenant under which the contractor commits (a) to completion dates that are reasonably acceptable to Tenant and Landlord and (b) to pay liquidated damages, in an amount specifically provided for in the construction contract with Sperry & Associates, Inc., if the Manufacturing and R&D Space is not dried in within 143 days of commencement of construction (as determined in accordance with the construction contract), or Substantial Completion of the Manufacturing and R&D Space is not achieved within 189 days of commencement of construction (as determined in accordance with the construction contract), or Substantial Completion of the Office Space is not achieved on or before the date required by the construction contract. Landlord will arrange with the contractor for Tenant to participate in the negotiation of the project completion dates and liquidated damages provisions. In the event of any delay in completion of the Manufacturing and R&D Space or the Office Space, all liquidated damages payable by the contractor pursuant to the construction contract shall be payable to Tenant, and Landlord hereby assigns to Tenant all of Landlord's rights to such liquidated damages, provided that Tenant is occupying the Manufacturing and R&D Space or the Office Space, and is otherwise abiding by any and all other agreements with Landlord. At Tenant's request, and subject to the preceding



sentence, Landlord shall assign to Tenant all of Landlord's rights to enforce against the contractor the liquidated damages provisions of the construction contract and shall fully cooperate with Tenant in enforcing such provisions. Landlord shall not be responsible or liable for delays caused by Tenant or the contractor.

## ARTICLE 2 - DEMISE OF LEASED PREMISES

2.01 Lease of Premises. Subject to the rent, terms, and conditions herein set forth, Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the Lots 1D and 2D, the Building, and all parking areas, walkways, and other improvements constructed on the Lots 1D and 2D (collectively, the "Leased Premises"), to have and to hold for the Term, unless the Term shall be sooner terminated as hereinafter provided. Landlord represents and warrants to Tenant that Landlord has all necessary rights and title to the Leased Premises and all necessary legal authority to enter into this Lease. Landlord shall grant Tenant and Tenant's employees, agents, guests, and invitees access to and from the Leased Premises via roads and easements in Innovation Park.

2.02 Quiet Enjoyment. Landlord covenants and agrees that Tenant, on payment of the rent provided in this Lease and the observance and keeping of all covenants, conditions and terms of this Lease on Tenant's part, shall lawfully and quietly hold, occupy, use and enjoy the Leased Premises during the Term of this Lease without hindrance or interference from Landlord.

## ARTICLE 3 - LEASE TERM

3.01 Term. This Lease shall be effective and binding on the parties as of the date of execution of this Lease. The term of Tenant's occupancy of the Leased Premises (the "Term") shall commence as of the date on which a certificate of occupancy for the Manufacturing and R&D Space is issued (the "Commencement Date"), and shall expire at 11:59 P.M. on the last day of the calendar month in 2026 in which the twentieth (20<sup>th</sup>) anniversary of the Commencement Date occurs, unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the word "Term" includes the term stated above and any duly exercised renewals or extensions thereof. Promptly upon the occurrence of the Commencement Date, the parties shall execute an instrument confirming the Commencement Date, but the failure of any party to do so shall not release any of the parties from any of their obligations hereunder.



3.02 "Lease Year". The first "Lease Year" of this Lease shall commence on the Commencement Date and shall end at 11:59:59 P.M., on the last day of the calendar month in 2007 in which the first anniversary of the Commencement Date occurs. Each subsequent "Lease Year" of this Lease shall begin on the day after the last day of the immediately preceding Lease Year and shall end at 11:59:59 P.M. on the annual anniversary of the end of the first Lease Year.

3.03 Renewal. At any time prior to the expiration of the Term of this Lease, the Landlord shall negotiate with the Tenant in good faith regarding a further renewal and extension of this Lease at fair market value.

3.04 Holdover. If Tenant shall hold over after the expiration of the Term of this Lease with Landlord's acquiescence but without any express written agreement between the parties, the Tenant shall be a tenant at will from month to month at fair market value, and this Lease shall not be automatically renewed.

#### ARTICLE 4 – RIGHT TO EXPAND

4.01 Right to Lease Lot 3D and Expand the Building. Landlord hereby grants to Tenant the exclusive right and option (the "Expansion Option"), during the period of five (5) years commencing on the Commencement Date (the "Expansion Option Term"), to lease Lot 3D, in Innovation Park, Tallahassee, Florida, as such lot is more particularly described in Exhibit "A" ("Lot 3D"), and to construct on Lot 3D an expansion of or addition to the Building (the "Building Expansion"), subject to the terms and conditions specified in this Article 4. The Expansion Option Term is subject to early termination as provided in Section 4.07.

4.02 Exercise of Expansion Option. Tenant may exercise the Expansion Option by giving Landlord written notice of Tenant's exercise of the Expansion Option at any time prior to the expiration or termination of the Expansion Option. From and after the date on which Tenant exercises the Expansion Option, and until the termination of the Lot 3D Ground Lease as provided in Section 4.03, (a) this Lease shall be deemed for all purposes to include a legally enforceable contract between Tenant and Landlord for the lease of Lot 3D, upon the terms and conditions set forth in this Lease, and (b) the Leased Premises shall be deemed to include Lot 3D for all purposes of this Lease, unless the context otherwise clearly requires.

4.03 Term of Lot 3D Ground Lease. If Tenant exercises the Expansion Option, then the term of Tenant's lease of Lot 3D (the "Lot 3D Ground Lease") shall commence on the effective date of Tenant's exercise of the Expansion Option and



shall terminate upon the termination of this Lease, unless the Lot 3D Ground Lease is sooner terminated as provided in Section 4.05.

4.04 Rent. As the entire rent under the Lot 3D Ground Lease, Tenant shall pay to Landlord one dollar (\$1.00) per year, payable upon Tenant's exercise of the Expansion Option and annually thereafter for the term of the Lot 3D Ground Lease.

4.05 Commencement of Construction. Tenant shall commence construction of the Building Expansion no later than 180 days following Tenant's exercise of the Expansion Option. If Tenant fails to commence construction within that period, then Tenant's lease of Lot 3D shall terminate and Lot 3D shall become the property of the Leon County Research and Development Authority, subject, however, to the Tenant's Right of First Refusal.

4.06 Responsibility for Construction. Unless Tenant and Landlord otherwise agree, in writing, Tenant shall be responsible for the design and construction of the Building Expansion and for any and all expenses relating to the design and construction of the Building Expansion, including any installation, tap-on, or connection fees. The design and construction of the Building Expansion shall comply with the Protective Covenants of Innovation Park dated February 10, 1981, recorded February 10, 1981, in Official Records Book 984, Page 2269, Public Records of Leon County, Florida, and with the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992, a copy of which is attached as Exhibit "B" to this Lease. Before commencing construction, Tenant shall procure a performance bond and a labor and materials bond that protect Landlord.

4.07 Expiration or Termination of Expansion Option.

(a) Expiration of Expansion Option at End of Term. Unless earlier exercised or terminated as provided herein, the Expansion Option will expire automatically upon the earlier of (i) the end of the Expansion Option Term, or (ii) the termination of the Lease, or (iii) the effective date of Tenant's written notice to Landlord that Tenant elects to terminate the Expansion Option.

(b) Right of First Refusal; Early Termination. If, at any time after the fifth Lease Year, Landlord receives and desires to accept a bona fide, written offer from an unrelated third party (the "Third Party") to lease Lot 3D, including a lease for the purpose of constructing or leasing a building on or using Lot 3D (such



offer, together with any related commitment from the Third Party either to construct a building on Lot 3D or to lease a building on Lot 3D to be constructed by Landlord, is referred to herein as a "Lease Offer"), then Landlord shall give Tenant written notice, including a copy of the Lease Offer and a description of the proposed building. Within ten (10) working days after Tenant's receipt of the notice (the "Early Exercise Period"), Tenant may elect to exercise the Lease Offer. If Tenant elects to exercise the Lease Offer, then Landlord and Tenant shall enter into the leasing arrangement set forth in the Lease Offer and execute all related agreements, and the party responsible for construction of any building contemplated by the Lease Offer shall commence construction of the building no later than one hundred eighty (180) days following Tenant's exercise of the Lease Offer. If Tenant fails to match the Lease Offer during the Early Exercise Period, then Landlord shall have ninety (90) days following the end of the Early Exercise Period within which to enter into a binding lease agreement for Lot 3D with the Third Party, on the terms and conditions described in the notice of the Lease Offer, and upon execution of the lease agreement the right of first refusal described in this Section 4.07(b) will terminate. However, if Landlord fails to enter into a binding lease agreement with the Third Party within ninety (90) days after the end of the Early Exercise Period, then Landlord shall not enter into any other lease of Lot 3D without first, again, complying with this Section 4.07(b). This Section 4.07(b) shall terminate on the tenth anniversary of the Commencement Date.

(c) Effect of Expiration or Termination of Expansion Option. Upon the expiration or termination of the Expansion Option, Lot 3D shall become the property of the Leon County Research and Development Authority, subject, however, to the Tenant's Right of First Refusal.

4.08 No Conflicts. During the Expansion Option Term, Landlord shall not, without Tenant's prior, written consent, lease Lot 3D, construct any improvements on Lot 3D, grant or convey any rights or title with respect to Lot 3D, enter into any agreement, or take any other action that would conflict with Tenant's rights under the Expansion Option or under this Article 4, including the right to lease Lot 3D and to construct the Building Expansion on Lot 3D. Notwithstanding this provision, and consistent with Section 7.01, Tenant shall, upon the request of Landlord, join with Landlord in executing and delivering such documents as detailed in Section 7.01.

## ARTICLE 5 - RENT, TAXES AND UTILITIES

5.01 Rent. In addition to any rent payable under Section 4.04 with respect to the Ground Lease, Tenant shall pay Landlord, as annual rent for the Leased Premises, the sums specified as follows:

(a) From the Commencement Date through the end of the fifth Lease Year, Tenant shall pay Landlord annual rent in the amount of \$3.90 per square foot (the "Rental Rate") of gross space included in the Manufacturing and R&D Space, determined as provided in Section 1.02 of this Lease. In addition, beginning on the date on which a certificate of occupancy for the Office Space is issued, through the end of the fifth Lease Year, Tenant shall pay Landlord annual rent in the amount of \$3.90 per square foot of gross space included in the Office Space, determined as provided in Section 1.02 of this Lease.

(b) The Rental Rate shall increase by fifteen percent (15%) to the sum of \$4.49 per square foot per year, commencing on the first day of the sixth (6<sup>th</sup>) Lease Year, and continuing through the last day of the tenth (10<sup>th</sup>) Lease Year.

(c) The Rental Rate shall increase by fifteen percent (15%) to the sum of \$5.16 per square foot per year, commencing on the first day of the eleventh (11<sup>th</sup>) Lease Year, and continuing through the last day of the fifteenth (15<sup>th</sup>) Lease Year.

(d) The Rental Rate shall increase by fifteen percent (15%) to the sum of \$5.93 per square foot per year, commencing on the first day of the sixteenth (16<sup>th</sup>) Lease Year, and continuing through the last day of the twentieth (20<sup>th</sup>) Lease Year.

Tenant shall pay the annual rent in twelve equal monthly installments, beginning on the first day of the First Lease Year and on the first day of each month thereafter.

### 5.02 Taxes

(a) Taxes on Leasehold Estate, Tangible Personal Property, or Tenant. Tenant shall pay when due (i) all Florida intangible personal property taxes legally imposed on its leasehold estate, (ii) subject to any credits against tangible personal property taxes to which Tenant may be entitled under any other agreement or any incentive program, all tangible personal property taxes legally imposed on the contents of the Leased Premises during the Term of this Lease, including furniture,



fixtures and equipment, (iii) all other taxes legally imposed on Tenant, and (iv) all real estate ad valorem taxes, if any, imposed on Landlord's interest in Lots 1D and 2D and the Building, and (if Tenant leases Lot 3D) on Landlord's interest in Lot 3D. For any fraction of a tax year at the inception or expiration of the Term, the taxes payable by Tenant shall be prorated based on the number of days of the Term falling within that tax year.

(b) Sales Taxes. If any governmental authority imposes on Landlord any sales, excise, or similar tax or levy based upon the gross rentals received by Landlord under this Lease, Tenant shall on demand pay to Landlord the amount thereof at the time or times the tax or levy falls due; provided, however, that Tenant shall not be required to pay any net income, franchise, capital stock, estate, succession or inheritance taxes imposed on Landlord.

(c) Real Estate Ad Valorem Taxes on Leased Premises. Regardless of whether the Leased Premises are subject to real estate ad valorem taxes, Tenant shall pay the Landlord, in lieu of such taxes, an annual Payment in Lieu of Taxes, as follows:

(i) Beginning with the first Lease Year, and through the fifth (5<sup>th</sup>) Lease Year, Tenant shall pay Landlord a Payment in Lieu of Taxes in the amount of One Hundred Thirty Thousand and No/100 Dollars (\$130,000.00) per Lease Year.

(ii) The Payment in Lieu of Taxes shall increase by fifteen percent (15%), to One Hundred Forty-Nine Thousand Five Hundred and No/100 Dollars (\$149,500.00) per Lease Year, commencing with the sixth (6<sup>th</sup>) Lease Year and continuing through the tenth (10<sup>th</sup>) Lease Year.

(iii) The Payment in Lieu of Taxes shall increase by fifteen percent (15%), to One Hundred Seventy-One Thousand Nine Hundred Twenty-Five and No/100 Dollars (\$171,925.00) per Lease Year, commencing with the eleventh (11<sup>th</sup>) Lease Year and continuing through the fifteenth (15<sup>th</sup>) Lease Year.

(iv) The Payment in Lieu of Taxes shall increase by fifteen percent (15%), to One Hundred Ninety-Seven Thousand Seven Hundred Thirteen and 75/100 Dollars (\$197,713.75) per Lease Year, commencing with the sixteenth (16<sup>th</sup>) Lease Year and continuing through the twentieth (20<sup>th</sup>) Lease Year.

Tenant shall make its Payment in Lieu of Taxes for each Lease Year in equal quarterly installments on or before the last day of each quarter within the applicable Lease Year, but may elect to prepay its Payment in Lieu of Taxes. If any governmental authority actually imposes on Landlord or Tenant any real estate ad valorem tax on the Leased Premises, then Landlord shall promptly notify Tenant of the imposition of such tax and shall provide Tenant with a copy of the tax bill, and Tenant shall pay such tax before it becomes delinquent. However, Landlord shall rebate to Tenant a portion of such taxes equal to the lesser of (i) fifty percent (50%) of all such taxes paid by Tenant or (ii) \$65,000. If the City of Tallahassee is obligated or agrees to pay to Tenant a rebate of real estate ad valorem taxes on the Leased Premises under any rebate or incentive program offered to Tenant, the amount of the rebate under such program in any calendar year shall be based on the net amount of real estate ad valorem taxes on the Leased Premises paid or allocated to the City of Tallahassee for that year, after taking into account the City's share of any rebate paid to Tenant by Landlord for that year under this Section 5.02(c).

(d) Right to Contest. Tenant may contest the amount or validity of any tax payable by Tenant under the above provisions by appropriate legal proceedings. Landlord shall, upon Tenant's request, join in any such proceedings if Tenant determines that it shall be necessary or convenient for Landlord to do so in order for Tenant to prosecute such proceedings properly, provided always that Landlord's joinder and cooperation therein shall be entirely without expense of any kind to Landlord and Tenant shall indemnify and hold Landlord harmless from and against any and all such expenses.

5.03 Utilities. Tenant shall directly pay to the applicable utilities services provider all charges for water, heat, gas, telephone, electricity, sewage, garbage pickup and any and all other utilities assessed against or incurred in connection with the Leased Premises throughout the Term of the Lease. Landlord shall have no responsibility, during the Lease Term, for the payment of any utility fee, charge or bill of any nature whatsoever with respect to the Leased Premises, and Tenant shall indemnify and hold Landlord harmless from and against the same. Tenant further agrees to utilize exclusively the City of Tallahassee to meet all of its requirements for electrical, water, and sewage utilities at the Leased Premises, provided that the City of Tallahassee continues to provide such utilities to the Leased Premises.



5.04 Common Area Fee. The Tenant shall share with all other tenants in Innovation Park/Tallahassee the cost of the maintenance and management of Innovation Park/Tallahassee of which the Leased Premises is a part. Tenant shall pay in full the amount of the Common Area Fee assessed annually on a per acre basis by the Landlord (which is currently \$1,979.00 per acre) for Lots 1D, 2D and 3D. Notwithstanding the foregoing, if the Expansion Option terminates, or if the Lot 3D Ground Lease terminates following Tenant's exercise of the Expansion Option, then Landlord shall be responsible for all Common Area Fees assessed against Lot 3D and Tenant shall have no obligation to pay the Common Area Fee with respect to Lot 3D. The Common Area Fee may be increased each year based upon the increased cost of the maintenance and management of Innovation Park/Tallahassee, at the option of the Landlord, provided that the assessment of such fees on a per acre basis shall be equally applicable to all other tenants and lot owners in Innovation Park/Tallahassee.

## ARTICLE 6 - USE OF LEASED PREMISES

6.01 Use of Leased Premises. Tenant shall use the Leased Premises only for the purpose of manufacturing, research, product development, testing, administration, and such other uses as are permitted by written agreement of the Landlord. The use of the Leased Premises shall comply with and conform to all applicable laws, ordinances and governmental rules, regulations, notices and orders. Tenant shall not maintain or permit any nuisance in or upon the Leased Premises and shall not cause or permit the waste or deterioration of the Leased Premises or any part thereof, ordinary wear and tear excepted. Tenant's use and occupancy of the Leased Premises is expressly subject to (i) the Protective Covenants of Innovation Park dated February 10, 1981, recorded February 10, 1981, in Official Records Book 984, Page 2269, Public Records of Leon County, Florida (the "Covenants"), which Covenants, as they may be amended from time to time, are made a part hereof by reference; (ii) that certain Lease Agreement dated January 28, 1980, between the Leon County Research and Development Authority, as tenant, and the State of Florida Board of Trustees of the Internal Improvement Trust Fund, as landlord, recorded in Official Records Book 1031, Page 1936, Leon County Public Records, a copy of which is attached as Exhibit "C" and incorporated into this Lease by reference (the "State Lease"); and (iii) that certain Ground Lease of even date herewith between the Leon County Research and Development Authority, as landlord, and the City of Tallahassee and the Leon County Research and Development Authority, as tenants in common, as the subtenant, a copy of which is attached as Exhibit "D" and incorporated into this Lease by reference (the "Ground Lease"). Any violation of the Covenants by Tenant, or any action by



Tenant that causes Landlord to be in breach of the State Lease or Ground Lease, shall be a default by Tenant under this Lease.

6.02 Amended Final Development Plan. Any further improvement or development of, and use of, the Leased Premises shall at all times be consistent and in harmony with the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992, and more particularly described in Exhibit "B" attached hereto and incorporated herein by reference. Tenant hereby acknowledges that Landlord has delivered a copy of the Amended Final Development Plan to Tenant.

## ARTICLE 7 - IMPROVEMENTS

7.01 Dedication of Easements. Tenant shall, upon the request of Landlord, join with Landlord in executing and delivering such documents, from time to time as may be necessary or required by governmental agencies, public utilities and utility companies for the purpose of granting and dedicating easements for streets, water, sewer, drainage, gas, power lines and other easements and dedications in and on the Leased Premises as Landlord deems reasonably necessary, provided such easements and dedications do not interfere with Tenant's use of the Leased Premises as provided herein. Tenant shall not cause or permit the creation of easements on the Leased Premises or within Innovation Park/Tallahassee without the Landlord's prior written consent.

7.02 Alterations. Tenant shall make no material alterations, additions or improvements to the structural integrity of the Leased Premises, except for the Building Expansion permitted in Article 4, without the Landlord's prior written consent and the approval of the Development Review Committee as provided in the Covenants. Any and all such material alterations, additions and improvements approved by Landlord shall be made without cost to Landlord, shall be made in good and workmanlike manner, in conformity with such plans and specifications as Landlord may have required and approved, and in compliance with the requirements of any lender financing the same and all applicable permits, authorizations, building and zoning laws, and all other laws, ordinances and regulations.

7.03 Tenant's Right to Install Equipment. Tenant shall have the right to bring into the Building and Building Expansion such telecommunication services and related underground wires and cables as may be necessary or convenient for its use and for that purpose to install fixtures and appliances at such locations in the



Building and Building Expansion as are selected by Tenant, provided that the exterior appearance and structural integrity of the Building and Building Expansion shall not be adversely affected.

7.04 Ownership of Improvements/Trade Fixtures. It is acknowledged and agreed by the parties that, as between Tenant and Landlord, (a) the Building Expansion, if constructed by Tenant, shall belong to and be owned by Tenant, subject to the State Lease and the Ground Lease, and shall revert to Landlord upon expiration or termination of this Lease; and (b) the Building and all leasehold improvements constructed or placed on Lots 1D and 2D shall belong to and be owned by Landlord, subject to the State Lease, the Ground Lease, and Tenant's leasehold interest under this Lease. As between Tenant and Landlord, all trade fixtures, furniture, furnishings, appliances, machinery, and equipment installed or located on the Leased Premises by Tenant shall belong to and be owned by Tenant. Subject to the terms of any continuing security interest granted to the City of Tallahassee under that certain Corporate Relocation Agreement among Tenant, the City of Tallahassee, and the Leon County Research and Development Authority, dated on or about the date of this Lease, if Tenant is not in default of any provision of this Lease, Tenant may, at any time during the Term hereof, or upon termination hereof, remove any trade fixtures, furniture, furnishings, appliances, machinery, and equipment owned and installed or located on the Leased Premises by Tenant, which may be removed without material damage to the Building. Tenant shall, at its own expense, repair any damage to the Building caused by its removal of property pursuant to this Section 7.04.

7.05. Signs. Tenant may place signs on the Leased Premises, including the exterior of the Building and Building Expansion, provided that such signs comply with and conform to the Covenants and all applicable laws, ordinances and governmental rules, regulations, notices and orders.

## ARTICLE 8 - LIENS

8.01 Prohibition Against Lien. The parties acknowledge that fee title to the land comprising Innovation Park/Tallahassee is owned and held by the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida, and Tenant shall in no event do or permit anything which purports to create a lien against the land within Innovation Park/Tallahassee. Tenant shall not suffer or permit any mechanics' or materialmen's lien or other liens to arise or be filed against the Tenant's leasehold interest in the Building or Building Expansion by reason of any work, labor, services, or materials supplied or claimed to have been



supplied to Tenant or anyone holding the Building or Building Expansion or any part thereof through or under Tenant.

8.02 Removal of Lien. If any lien(s) shall be recorded against the Leased Premises by reason of any work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Leased Premises or any part thereof through or under Tenant, Tenant shall cause such lien to be removed by transfer to a bond within thirty (30) days of the filing thereof. If Tenant in good faith desires to contest the same, Tenant may do so but the lien shall be discharged by bond as provided above, and in such case Tenant agrees to indemnify and hold Landlord and the State of Florida harmless from any and all liability for damage occasioned thereby and Tenant shall, in the event of a judgment upon such lien, cause the same to be discharged and removed prior to the execution of such judgment.

8.03 Encumbrance Upon Leasehold Estate. Tenant may not, at any time, encumber, hypothecate or pledge, by mortgage or other security instrument, Tenant's interest in the Leased Premises, or the leasehold estate hereby created, except with Landlord's prior, written consent. Any attempt at such mortgaging, hypothecation or pledging, without Landlord's written consent, shall be void. Notwithstanding the foregoing, Landlord shall not unreasonably withhold or delay its consent to Tenant's grant of a leasehold mortgage on Tenant's leasehold estate in Lot 3D, to secure financing of the Building Expansion.

## ARTICLE 9 - REPAIRS AND MAINTENANCE

9.01 Obligation to Repair. Except as provided below, Tenant, at Tenant's own cost and expense, at all times during the Term of this Lease, agrees to keep and maintain, or cause to be kept and maintained, the Leased Premises, including the Building, lawns, landscaping, and exterior parking areas and walkways, in a good state of appearance and repair, reasonable wear and tear excepted. Landlord, at Landlord's own expense, shall maintain the roof (except for routine maintenance and repairs not involving a replacement of the roof or defects in the materials or construction of the roof) and structural components of the walls, foundation, and roof system of the Building, except to the extent that repairs are required because of damage caused by Tenant. Notwithstanding the foregoing, Landlord shall enforce any applicable warranties and repair obligations of the general contractor for the Building under Landlord's construction contract. Landlord shall have no obligation to repair or maintain the Leased Premises, except as specifically provided above.



9.02 Construction Representations and Warranties by General Contractor. At Tenant's request, Landlord may assign or partially assign to Tenant all rights, claims, and remedies under and with respect to all bonds, contractual undertakings, covenants, and warranties regarding materials and workmanship utilized or employed by general contractors, material suppliers and subcontractors in the construction of the Building and landscaping, to the extent the same are effective and enforceable during the term of this Lease. In the event of such an assignment, Landlord acknowledges and agrees that Tenant shall have the right to enforce the terms of all such bonds, contractual undertakings, covenants and warranties in connection with the exercise of Tenant's obligations of repair and maintenance pursuant to Section 9.01 of this Lease during the term of this Lease. At Tenant's request, Landlord shall fully cooperate with Tenant in enforcing such rights. To the extent that Landlord assigns or partially assigns to Tenant such rights, claims, and remedies pursuant to this Section 9.02, Landlord shall be relieved of the obligation under Section 9.01 to directly enforce such rights, claims, and remedies. To the extent that Landlord does not assign such rights, claims, and remedies to Tenant, Landlord shall use reasonable diligence to enforce such rights, claims, and remedies.

#### ARTICLE 10 - INSURANCE AND INDEMNIFICATION

10.01 Insurance. At all times from and following the Commencement Date, Tenant shall maintain the insurance described below for the mutual benefit of Landlord, the State of Florida, and Tenant against the following risks: (i) loss or damage by fire, casualty and such other risks as may be embraced within the standard form of extended coverage insurance from time to time available, in an amount not less than the replacement cost of the Building and Building Expansion; (ii) business interruption due to the occurrence of any of the hazards described in subparagraph (i) above; and (iii) claim for personal or bodily injury or death or property damage occurring in or about the Leased Premises (including elevators, sidewalks, driveways and curbs) in an amount not less than \$5,000,000.00, combined single limits, in the event of bodily injury or death to any person or persons in any one accident, and broad form property damage coverage of not less than \$4,800,000.00. Tenant may provide for such coverage under umbrella insurance policies maintained by Tenant or its affiliates.

10.02 Policies and Certificates. All insurance policies required under Section 10.01 shall name Landlord, the State of Florida, and Tenant as named insureds, as their respective interests may appear, but subject nevertheless to the loss-payee



provisions and provisions relative to disposition of insurance proceeds stated below. All insurance shall be effected by valid and enforceable policies issued by insurers rated B+X or better by A.M. Best Company, and on forms acceptable to Landlord. The original policies or a certificate or other evidence thereof, shall be delivered to and held by Landlord. At least thirty (30) days prior to the expiration date of any policy, the original renewal policy or certificate thereof shall be delivered by Tenant to Landlord, together with evidence of payment of the premium on such policy. All such policies shall contain agreements by the insurers that (i) no act or omission by the Tenant shall impair the rights of the insureds and loss payees to receive and collect the proceeds under the policy, (ii) such policies shall not be amended at any time and shall not be cancelled except upon thirty (30) days prior written notice to each named insured and loss payee; and (iii) the coverage afforded thereby shall not be affected by the performance of any work in or about the Leased Premises. In addition, the hazard and business interruption insurance policies shall contain endorsements, assuring that the rights of the insureds to receive and collect the proceeds shall not be diminished because of any additional insurance carried by Tenant on its own account.

10.03 Disposition of Proceeds of Business Interruption Insurance. The business interruption insurance policy shall name Landlord and Tenant as insureds, and the proceeds of such insurance shall be paid to Landlord. Landlord shall periodically apply the proceeds of such business interruption insurance first towards the payment of rental and then to the payment of taxes and other impositions and to insurance premiums becoming due and required hereunder to be paid by Tenant during the applicable period. Any balance of such portion of the total proceeds remaining after payment of said sums during that period shall be paid to Tenant.

10.04 Indemnity. Tenant agrees to indemnify and hold Landlord and the State of Florida harmless from and against any and all claims and demands (except as may result from the negligence of Landlord, its employees, agents or representatives or of the State of Florida, its employees, agents or representatives) for and in connection with any death, accident or injury caused any to person, or any accident, injury or damage whatsoever caused to any property, arising out of the business conducted by the Tenant in Innovation Park/Tallahassee, or occurring in, on or about the Leased Premises or any part thereof, or arising from any act or omission of Tenant, its contractors or subcontractors, sublessees, licensees, guests, invitees, servants, agents, employees or representatives, and from and against any and all costs, expenses and liabilities incurred in connection with any claim or proceeding brought thereon.



## ARTICLE 11 - CASUALTY

11.01 Obligation to Rebuild. If the Building, the Building Expansion, or any part thereof is damaged or destroyed by reason of fire, casualty, catastrophe, or any other cause, Landlord shall promptly cause the Building and Building Expansion to be repaired and restored, using the proceeds of casualty insurance maintained pursuant to Section 10.01. Unless Tenant exercises its termination rights under Section 11.02, (a) this Lease shall remain in full force and effect, (b) there shall be no abatement of rent (provided that Tenant shall receive a credit for all insurance proceeds paid to Landlord covering the loss of rent, including business interruption insurance proceeds paid to Landlord), (c) all losses shall be adjusted with the insurance company or companies by Tenant, (d) all casualty insurance proceeds shall be paid to Landlord and used by Landlord solely for the repair and replacement of the Leased Premises, and (e) any insurance proceeds remaining after the complete restoration of the Leased Premises shall be the sole property of Tenant.

11.02 Option to Terminate. Notwithstanding Section 11.01, if in Tenant's reasonable judgment the damage to or destruction renders the Building or Building Expansion untenable or unusable for its intended purpose, then Tenant shall have the right to terminate this Lease as of the date of such damage or destruction by giving written notice to Landlord within thirty (30) days following the date on which the damage or destruction occurred. If Tenant terminates the Lease as provided in this Section 11.02, then (a) if Tenant has exercised the Expansion Option and constructed the Building Expansion (whether or not the Building Expansion has been completed), casualty insurance proceeds payable as a result of the damage to or destruction of the Building Expansion shall be paid to Tenant, up to the full amount of Tenant's costs of designing and constructing the Building Expansion, and (b) any and all other casualty insurance proceeds payable as a result of the damage or destruction shall be the sole property of Landlord and Tenant shall execute such documents as may be required to confirm Landlord's sole ownership of such proceeds. Tenant shall pay all rent and any other sums and charges provided for under this Lease for the then-current Lease Year through the date of such termination.

## ARTICLE 12 - CONDEMNATION

12.01 Interests of Parties on Condemnation. In the event the Leased Premises or any part thereof shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, the effect of taking upon this Lease



shall be as provided by Section 11 of the State Lease and (as between Landlord and Tenant) by this Article 12. Landlord shall, however, promptly notify Tenant of any proposed condemnation action to enable Tenant to affirmatively resist and oppose by all means available to it, any such taking by eminent domain. Landlord shall not itself undertake, initiate, sponsor or affirmatively participate in any effort to take all or any portion of the Leased Premises by condemnation.

12.02 Total Taking - Termination. In the event the entire Leased Premises is taken, this Lease and all of Tenant's right, title and interest thereunder shall cease on the date title to the Leased Premises vests in the condemning authority.

12.03 Partial Taking - Termination. In the event of the taking of any part of the Building, Building Expansion, or adjacent parking lots and walkways, this Lease and all right, title and interest thereunder shall terminate, at Tenant's option, on the date title to the portion of the Leased Premises so taken vests in the condemning authority.

12.04 Partial Taking - Continuation. In the event of a taking of only a part of the Leased Premises (excluding all of the Building, the Building Expansion, and the adjacent parking lots and walkways), leaving the remainder of the Leased Premises in such form, shape, and size as to be usable for the purpose of operation thereon of Tenant's business, this Lease shall terminate and end as to the portion of the Leased Premises so taken as of the date title to such portion vests in the condemning authority, but shall continue in full force and effect as to the portion of the Leased Premises not so taken, and the rent payable under this Lease shall be equitably adjusted.

12.05 Award or Consideration. In the event of a taking under this Article 12, Landlord and Tenant shall share the award or consideration paid in a manner to be negotiated by the parties, with such division of the award or consideration to be based upon all relevant factors that would be considered by an M.A.I. real estate appraiser to determine the relative values of the parties' interests, but subject to the State Lease and the following provisions of this Section 12.05. If such an agreement cannot be reached between Landlord and Tenant, the relative shares of the parties shall be established in the condemnation proceeding as their respective interests may appear. Tenant shall be entitled to claim an award for loss of business, removal and reinstallation costs, and moving expenses, and nothing herein shall impair Tenant's right to the full award, compensation, or damages payable as an award for such loss of business or for such costs and expenses. In addition, if prior to the taking Tenant exercised the Expansion Option and



constructed the Building Expansion (whether or not the Building Expansion has been completed), then Tenant, and not Landlord, shall be entitled to any award, whether to Landlord or Tenant, based on the taking of the Building Expansion, up to the full amount of Tenant's costs of designing and constructing the Building Expansion. Notwithstanding the foregoing, the allocation of any condemnation award shall be governed by Section 11 of the State Lease, and no settlement may be reached with the condemning authority without the written approval of Landlord, Tenant, and the Board of Trustees of the Internal Improvement Fund of the State of Florida.

### ARTICLE 13 - ASSIGNMENT, SUBLEASE AND ESTOPPEL

13.01 Prohibition on Assignment and Subleasing. Tenant shall not assign, convey, sublet or transfer Tenant's interest in the Leased Premises, this Lease, or the leasehold estate created hereby, for the purposes of security or otherwise, without the prior written consent of Landlord. Landlord shall not unreasonably withhold its approval. In the event of assignment or sub-lease of this Lease, any monies or consideration received by Tenant shall be paid immediately to Landlord as rent. No consent by Landlord to assignment, conveyance or transfer shall be deemed a consent to any subsequent assignment, conveyance or transfer. Any assignment or attempt at assignment or subleasing in violation of this Article 13 shall be null, void and of no force or effect.

13.02 Estoppel Certificates. Tenant shall at any time and from time to time, upon not less than twenty (20) days prior written request by Landlord, execute, acknowledge, and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there has been any modification thereof that the same is in full force and effect as modified and stating the modification or modifications); and that there are no defaults existing (or if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance. It is expressly understood and agreed that any such statement delivered pursuant to this Section 13.02 may be relied upon by any prospective purchaser or assignee of the estate of Landlord.

### ARTICLE 14 - DEFAULT AND REMEDIES

14.01 Default and Remedies. In the event Tenant defaults in the payment of any rent or other sums due under this Lease (hereinafter a "Monetary Default"), and the default continues for a period of fifteen (15) days after written notice thereof to



Tenant, Landlord shall have the right of specific performance against Tenant, the right to recover from Tenant all damages, including costs and reasonable attorneys' fees, incurred by Landlord by reason of Tenant's default, the right to terminate this Lease, and to pursue any other remedy now or hereafter available to Landlord at law or in equity, including summary dispossession of Tenant. In the event Tenant defaults in the performance of any other covenants, agreements, conditions or provisions of this Lease to be observed, kept or performed by Tenant and which default does not constitute a Monetary Default as herein defined, and such default continues for a period of thirty (30) days after written notice thereof to Tenant, Landlord shall have the right to require Tenant to specifically perform its obligations under the Lease, to recover from Tenant all damages, including costs and reasonable attorneys' fees, incurred by Landlord by reason of Tenant's default, and to pursue any other remedy available to Landlord in law or in equity, including termination of the Lease and summary dispossession of Tenant. Neither the filing of a petition by or against Tenant under any law pertaining to bankruptcy, the making of a general assignment or arrangement for the benefit of creditors, nor the appointment of a receiver or trustee for Tenant's leasehold interest or improvements on the Leased Premises shall constitute a default under this Lease or operate to permit Landlord to terminate this Lease so long as all rent and other sums to be paid by Tenant hereunder continue to be paid and all other covenants kept and performed in accordance with the terms of the Lease.

#### ARTICLE 15 - TERMINATION AND SURRENDER

15.01 Tenant Must Vacate. Unless otherwise mutually agreed by Landlord and Tenant, within thirty (30) days after termination of the Term of this Lease, Tenant agrees to deliver possession of the Leased Premises and all improvements thereon to Landlord in substantially the same condition as on the date of this Lease, reasonable wear and tear excepted.

#### ARTICLE 16 - SUBORDINATION AND ATTORNMENT

16.01 Subordination and Attornment. Tenant acknowledges and agrees that this Lease is a sublease and Tenant accepts this Lease subject to all the terms and conditions of that certain Lease Agreement dated January 28, 1980, by and between the State of Florida, Board of Trustees of the Internal Improvement Trust Fund and the Leon County Research and Development Authority (the "State Lease"), a copy of which is attached hereto as Exhibit "C" and by reference incorporated herein, the Ground Lease (the "Ground Lease") of even date between the City of Tallahassee and the Leon County Research and Development



Authority, a copy of which is attached hereto as Exhibit "D" and by reference incorporated herein, and further subject to zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of the Leased Premises. In the event of the termination of the State Lease or the Ground Lease, Tenant will upon demand of the successor to Landlord attorn to such successor in the same manner as if such successor were the original Landlord hereunder.

#### ARTICLE 17 - TENANT'S OPTION TO PURCHASE

17.01 Option. Tenant shall have the option to purchase the Landlord's leasehold interest in the Leased Premises and all improvements thereon at any time during the Term. The price for the improvements and the said leasehold interest in the Leased Premises shall be an amount equal to the fair market value of the leasehold interest in all lots (including Lots 1D and 2D, and including Lot 3D if Tenant has exercised its option to lease Lot 3D) and improvements on Lots 1D and 2D (but excluding any value attributable to the Building Expansion). Promptly after Tenant's exercise of the option granted under this Article 17, Landlord and Tenant shall negotiate, diligently and in good faith, to determine the price.

17.02 Exercise of Option. The option granted in this Article 17 may be exercised by Tenant giving written notice to Landlord of Tenant's intent to exercise such option. To be effective, such notice must be delivered to and received by Landlord no less than six (6) months prior to the expiration of the Term of the Lease to be effective.

17.03 Closing. The closing of the purchase shall occur on a date and at a place mutually agreeable to Landlord and Tenant, but no later than one hundred and twenty (120) days following receipt by Landlord of the notice referred to in Section 17.02 above. Tenant shall pay, as closing costs, recording costs, survey expense, title insurance and Tenant's attorneys' fees. Landlord shall pay all other closing costs. Transfer of the Landlord's interest in the Leased Premises shall be by a long-term ground lease for a term equivalent to the remaining term of the Ground Lease of even date herewith between the City of Tallahassee, and the Leon County Research and Development Authority. Transfer shall be "as is," and Landlord will make no warranties or representations regarding the condition or nature of the improvements.

## ARTICLE 18 - GENERAL PROVISIONS

18.01 Conditions and Covenants. All of the provisions of this Lease shall be deemed covenants running with the land, and construed to be "conditions" as well as "covenants" as though the words specifically expressing or imparting covenants and conditions were used in each separate provisions.

18.02 No Waiver of Breach. No failure by either Landlord or Tenant to insist upon the strict performance by the other of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this Lease, but each and every covenant, condition, agreement and term of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

18.03 Time of Essence. Time is of the essence of this Lease, and of each provision.

18.04 Computation of Time. Subject to the provisions below regarding the effective date of notices, demand and requests, the time in which any act provided by this Lease is to be done is computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday, or legal holiday, and then it is also excluded.

18.05 Unavoidable Delay - Force Majeure. If either party shall be delayed or prevented from the performance of any act required by this Lease by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, restrictive governmental laws, or regulations or other cause, without fault and beyond the reasonable control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided, however, nothing in this Section 18.05 shall excuse Tenant from the prompt payment of any rent or other charge required of Tenant.

18.06 Successors in Interest. Each and all of the covenants, conditions, and restrictions in this Lease shall inure to the benefit of and shall be binding upon the parties and the successors in interest of Landlord, and any authorized assignees, transferees, subtenants, licensees, and successors in interest of Tenant.



18.07 Entire Agreement. This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement, or promise made by any party, or to any employee, officer, or agent of the party, which is not contained in this Lease, shall be binding or valid.

18.08 Partial Invalidity. If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

18.09 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, and neither the method of computation of rent nor any other provisions contained in this Lease nor any acts of the parties shall be deemed to create any relationship between Landlord and Tenant, other than the relationship of Landlord and Tenant. The City of Tallahassee and the Leon County Research and Development Authority are co-tenants only with respect to their interest in the Leased Premises and are not partners or joint venturers with respect to the Leased Premises or any other matter. Except with respect to the Leased Premises, none of the parties comprising the Landlord has any authority to bind the others. Reference is made to the Agreement Between Tenants in Common between the parties comprising the Landlord for a full description of their rights with respect to the Leased Premises.

18.10 Interpretation and Definitions. The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not strictly for or against Landlord or Tenant.

18.11 Parties. The neuter gender includes the feminine and masculine, and the singular number includes the plural, and the word "person" includes a corporation, partnership, limited liability company, firm, association, or other entity whenever the context so requires.

18.12 Attorneys' Fees. In the event either Landlord or Tenant shall bring any action or proceeding for damages for an alleged breach of any provision of this Lease, to recover rents, or to enforce, protect, or establish any right or remedy of either party, the prevailing party shall be entitled to recover as part of such action or proceedings reasonable attorneys' fees and court costs.



18.13 Modifications. This Lease is not subject to modification except in writing signed by Landlord and Tenant.

18.14 Notices: Payments. All notices, payments, demands, or requests from Tenant to Landlord shall be given to Landlord, c/o City Manager, City Hall, 300 South Adams Street, Tallahassee, Florida 32301, with a copy to the Leon County Research and Development Authority, 1736 West Paul Dirac Drive, Tallahassee, Florida 32304-3763. Prior to the Commencement Date, all notices, demands or requests from Landlord to Tenant shall be addressed to Tenant at 1850 Trans-Canada, Dorval, Quebec H9P SN4. On and after the Commencement Date, all notices, demands or requests from Landlord to Tenant shall be given at Tenant's offices located on the Leased Premises. Either party shall have the right, from time to time, to designate a different address by notice given in conformity with this Section 18.14. Notice shall be deemed to have been given upon the deposit of the same in the United States or Canadian Mail, postage prepaid, registered or certified, return receipt requested, addressed as herein required.

18.15 Broker's Commissions. Each of the parties represents and warrants that there are no claims for broker's commissions or finder's fees in connection with the execution of this Lease.

18.16 Inspection by Landlord. Tenant shall, upon reasonable notice to Tenant, and in such manner as to avoid interference with Tenant's manufacturing and other business activities, permit Landlord and its agents to enter into and upon the Leased Premises at all reasonable times for the purpose of inspecting the same or for any other reasonable purpose.

18.17 Radon Gas. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from the county health public health unit.

#### ARTICLE 19 - EXECUTION, RECORDING AND INCORPORATION BY REFERENCE

19.01 Recording. The parties shall, concurrently with or following the execution of this Lease, execute, acknowledge, and record a memorandum of lease in form and substance acceptable to Landlord and Tenant. Following recording, the

memorandum shall be attached to this Lease and shall constitute a part hereof, but in the event of any conflict between the terms of this Lease and the terms of the memorandum, this Lease shall prevail.

19.02 Counterparts. This Lease, consisting of 26 pages (excluding attachments), has been executed by the parties in several counterparts, each of which shall be deemed to be an original.

19.02 Exhibits. Exhibits A through D, inclusively, are attached hereto and made a part of this Lease.

19.04 Tenancy in Common. The parties comprising Landlord are Tenants in Common under an Agreement Among Tenants in Common of even date herewith. Reference is made to such Agreement for their rights and obligations with respect to such cotenancy.

[Signature spaces begin on the next page.]

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the 6th day of January, 2006.

CITY OF TALLAHASSEE

Attest:

Gary Hendon  
Gary Hendon, City Treasurer-Clerk

By: Anita Favors Thompson  
Anita Favors Thompson, City Manager

Approved as to form:

Ann Grubb for  
City Attorney

LEON COUNTY RESEARCH AND  
DEVELOPMENT AUTHORITY

\_\_\_\_\_  
Witness as to Authority

\_\_\_\_\_  
(Type or print name of witness)

By: \_\_\_\_\_

\_\_\_\_\_  
(Type or print name and title of signatory)

\_\_\_\_\_  
Witness as to Authority

\_\_\_\_\_  
(Type or print name of witness)

DANFOSS TURBOCOR  
COMPRESSORS, INC.

By: Joseph S. Orosz  
As its: President

S. M. Lefebvre  
Witness

S. M. LEFEBVRE  
(Type or print name of witness)

E. J. D'Arrio  
Witness

E. J. D'Arrio  
(Type or print name of witness)



IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the 6th day of January, 2006.

CITY OF TALLAHASSEE

Attest:

\_\_\_\_\_  
Gary Herndon, City Treasurer-Clerk

By: \_\_\_\_\_  
Anita Favors Thompson, City Manager

Approved as to form:


\_\_\_\_\_  
City Attorney

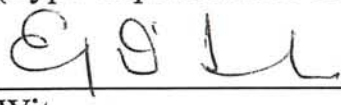
LEON COUNTY RESEARCH AND  
DEVELOPMENT AUTHORITY

\_\_\_\_\_  
Witness as to Authority  
\_\_\_\_\_  
(Type or print name of witness)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Type or print name and title of signatory)

\_\_\_\_\_  
Witness as to Authority  
\_\_\_\_\_  
(Type or print name of witness)

  
\_\_\_\_\_  
Witness  
J.M. LEFEBVRE  
\_\_\_\_\_  
(Type or print name of witness)

  
\_\_\_\_\_  
Witness  
E.J. D'Iorio  
\_\_\_\_\_  
(Type or print name of witness)

  
DANFOSS TURBOCOR  
COMPRESSORS, INC.

By: \_\_\_\_\_  
Joseph S. Orosz  
As its: President



IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the \_\_\_\_ day of January, 2006.

CITY OF TALLAHASSEE

Attest:

\_\_\_\_\_  
Gary Herndon, City Treasurer-Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
Anita Favors Thompson, City Manager

LEON COUNTY RESEARCH AND  
DEVELOPMENT AUTHORITY

By: Thomas A. Barron  
Thomas A. Barron, Chairman

Cleo J. Gay  
Witness as to Authority  
Cleo J. Gay  
(Type or print name of witness)

Sylvia W. White  
Witness as to Authority  
Sylvia W. White  
(Type or print name of witness)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Type or print name of witness)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Type or print name of witness)

DANFOSS TURBOCOR  
COMPRESSORS, INC.

By: \_\_\_\_\_  
(Type or print name and title of signatory)

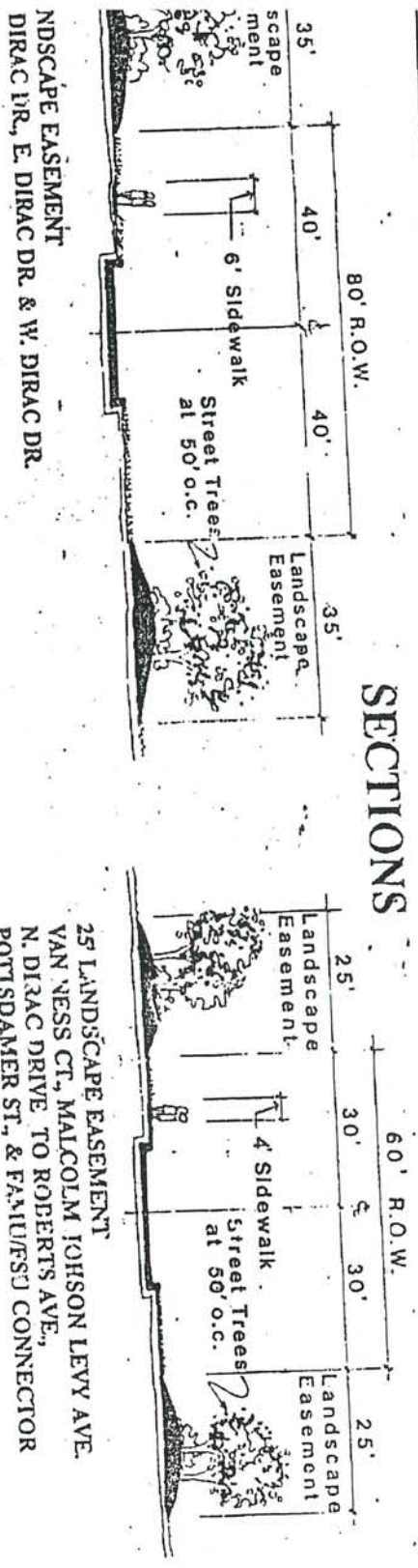
# **.U.D. MENDED FINAL EVFLDDMFI PLAN INOVATION PARK / TALLAHASSEE**



**ROBERT HAHN + ASSOCIATES**  
 AFFORDABLE HOUSING SPECIALIST  
 AND PLANNER / DRI CONSULTANT

P.O. BOX 2644, WINTER PARK, FLORIDA 32790  
 TEL: (407) 740-7858 FAX: (407) 740-7960

DATE	SCALE	JOB NUMBER	MAP
11-20-92	1" = 200'	91105	



LANDSCAPE EASEMENT  
DIRAC DR, E. DIRAC DR. & W. DIRAC DR.

# P.U.D. AMENDED FINAL DEVELOPMENT PLAN INNOVATION PARK / TALLAHASSEE



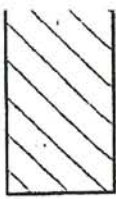
5,000  
ROOMS  
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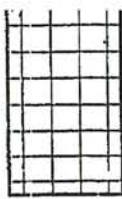
# LEGEND:



RESEARCH AND DEVELOPMENT



COMMERCIAL / HOTEL



OFFICE



LAKES



ROADS



10' CONTOUR

4 ACRES



PARCEL NUMBER  
PARCEL ACREAGE







# DEVELOPMENT PROGRAM

LAND USE      ACREAGE      % OF SITE

% DEVELOPED  
TO DATE

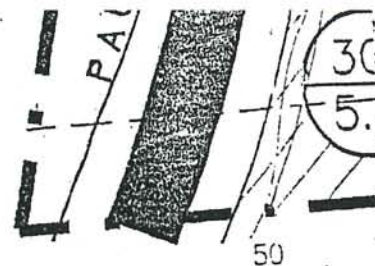
BUILDING AREA 4/  
(GROSS SQ.FT)

RESEARCH & DEVELOPMENT 1/	161.2	78	30.4	1,813,800 5/
COMMERCIAL 2/ HOTEL	7.4	4	NA	15,000 50 ROOMS
OFFICE 3/	6.0	2	5.6	50,000
TOTAL	174.6	84	36.0	1,878,800 50 ROOMS
RECREATION 6/ EASEMENTS LAKES & PONDS	11.7	6	61.5	
RIGHT-OF-WAY	21.5	10		
TOTAL	207.9	100%	36%	1,878,800 50 ROOMS

## NOTES:

- 1/ PERMITTED USES ARE PER SECTION 159.27 (7)/159.701 FLORIDA STATUTES AND AS AMENDED BY CH.88-409, LAWS OF FLORIDA AND NOT LIMITED INDUSTRIAL DISTRICT. (ORD. NO. 70-0-1194, AS AMENDED (CITY OF TALLAHASSEE ZONING CODE).
  - 2/ PERMITTED USES AS PER C-1 AND C-2 COMMERCIAL DISTRICT AND FURTHER RESTRICTED BY STATE STATUTES AND DEED COVENANTS AND RESTRICTIONS. (ORD. NO. 70-0-1194, AS AMENDED (CITY OF TALLAHASSEE ZONING CODE).
  - 3/ PERMITTED USES AS PER CO OFFICE AND PROFESSIONAL COMMERCIAL DISTRICT. (ORD. NO. 70-0-1194, AS AMENDED (CITY OF TALLAHASSEE ZONING CODE).
  - 4/ BASED ON AN ESTIMATED PROJECT AVERAGE OF 11,000 SQ.FT/AC. THE ACTUAL BUILDING PER AREA PER ACRE TO VARY FROM PROJECT TO PROJECT, ACCORDING TO SITE CONSIDERATIONS.
  - 5/ INCLUDES APPROXIMATELY 550,445 SQ.FT (GROSS) OF BUILDING AREA THAT IS EXISTING AND/OR PROGRAMMED FOR CONSTRUCTION.
  - 6/ RECREATIONAL AMENITIES (IE. OUTDOOR GAZEBO, PICNIC TABLES) PERMITTED.
- GENERAL NOTES:
- THE EXACT LOCATION OF ACCESS POINTS, OPENS SPACES, LAKES/RETENTION AND PARCEL BOUNDARIES WITHIN THE PUD WILL BE DETERMINED AT THE TIME OF PERMITTING.
- LAND USE LOCATIONS MAY BE INTERCHANGED IN THE PUD. BUILDING AREA PROJECTIONS FOR EACH TYPE OF LAND USE ARE THE MAXIMUM AMOUNT OF DEVELOPMENT WHICH MAY BE PERMITTED FOR EACH TYPE OF PLANNED USE.

# SITE DATA



## ZONING

P.U.D. PLANNED UNIT DEVELOPMENT.

## DEVELOPMENT SCHEDULE STAGING:

CONTINUOUS BUILD-OUT OF MASTER INFRASTRUCTURE SYSTEM.

## COMPREHENSIVE PLAN COMPLIANCE

SITE IS CURRENTLY DESIGNATED MIXED USE B ON THE FUTURE LAND USE MAP. THE PROJECT IS VESTED FROM CONSISTENCY AND CONCURRENCY REQUIREMENTS OF THE PLAN.

## MAXIMUM BUILDING HEIGHT

3 STORIES (NOT TO EXCEED 90 FEET).

## MAXIMUM BUILDING COVERAGE

65% OF SITE AREA.

## MINIMUM PARCEL SIZE

2 ACRE

## EXISTING VEGETATION

SCATTERED OAKS AND PINES

## PARKING

LIGHT INDUSTRIAL (ALL RESEARCH AND DEVELOPMENT USES) - 1,900 SPACES  
COMMERCIAL - 60 SPACES //

## PUBLIC FACILITIES FIRE:

FIRE STATION #4 (2899 WEST PENSACOLA STREET)  
FIRE STATION #5 (TALLAHASSEE MUNICIPAL AIRPORT)  
CITY OF TALLAHASSEE POLICE DEPARTMENT/LEON COUNTY SHERIFF'S DEPARTMENT  
TALLAHASSEE MEMORIAL REGIONAL MEDICAL CENTER (1300 MICCOSUKEE RD.)  
TALLAHASSEE COMMUNITY HOSPITAL (2626 CAPITAL MEDICAL BOULEVARD)

## POLICE MEDICAL:

## GARBAGE/TRASH:

CITY OF TALLAHASSEE SANITATION

## UTILITIES

GAS, WATER &  
WASTEWATER:  
ELECTRIC:  
STORMWATER:

CITY OF TALLAHASSEE UTILITIES.

CITY OF TALLAHASSEE UNDERGROUND UTILITIES.  
TO BE DIRECTED TO RETENTION FACILITIES WHICH WILL METER STORMWATER OUT AT A CALCULATED FLOW. DISPOSAL OF STORMWATER OFF THE SITE WILL BE TO THE NORTHEAST INTO THE DRAINAGE AREA AND TO THE WEST INTO THE DRAINAGE CANAL.

UTILITY  
EASEMENTS:  
RECREATION  
EASEMENTS:  
STORMWATER  
MANAGEMENT  
FACILITIES &  
LAKES:

TO BE MAINTAINED BY THE CITY OF TALLAHASSEE.

TO BE MAINTAINED BY THE LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY.

## STREETS

DEDICATED TO THE CITY OF TALLAHASSEE. (PAUL DIRAC DRIVE, EAST DIRAC DRIVE, WEST DIRAC DRIVE, VAN NESS COURT, MALCOM JOHNSON LEVY AVE., POTSDAMER STREET, AND FAMU/FSU CONNECTOR).

## TRAFFIC GENERATION (ADT/PIFT)

DAILY VEHICLE TRIPS (ADT) = 12,006  
PEAK HOUR VEHICLE TRIPS (PIFT) = 1,918

## BUILDING SETBACK

100 FEET FROM BUILDING TO BUILDING ON AN ADJOINING SITE.  
50 FEET FRONT/SIDE SITE LINE.  
25 FEET FROM REAR SITE LINE.

## LANDSCAPE BUFFER

25 FEET ALONG FRONT, REAR & SIDE SITE LINES (THE EXCEPTION ARE THOSE PARCELS FRONTING ON EAST AND WEST PAUL DIRAC DRIVE WHERE 35 FOOT LANDSCAPE BUFFER WILL BE MAINTAINED ALONG THE FRONT).

## ARCHITECTURAL THEME/ SIGNAGE

ALL BUILDINGS AND SIGNS TO COMPLY WITH ARCHITECTURAL AND AESTHETICS STANDARDS (ARTICLE IX) OF THE PROTECTIVE COVENANTS AND RESTRICTIONS FOR INNOVATION PARK.



# PLANT LIST

## BOTANICAL NAME

## COMMON NAME

### TREES

QUERCUS VIRGINIANA  
ACER RUBRUM  
ULMUS PARVIFOLIA 'DRAKE'  
PINUS ELLIOTT  
MYRTICA CERIFERA  
LARGERSTROEMIA INDICA  
ILEX OPACA  
ILEX VOMITORIA  
KOELREUTERIA FORMOSANA

LIVE OAK  
RED MAPLE  
DRAKE ELM  
SLASH PINE  
WAX MYRTLE  
CREPE MYRTLE  
SAVANNA HOLY  
YAUPON HOLLY  
GOLDEN RAIN

### SHRUBS

NERIUM OLEANDER  
RHODODENDRON INDICA  
VIBURNUM ODORATISSIMUM  
ILICUM ANISATUM  
PITTOSPORUM TOBIRA  
PODOCARPUS MACROPHYLLUS  
VIBURNUM SUSPENSUM  
JUNIPERUS CHINENSIS VAR.  
JUNIPERUS CHINENSIS VAR.  
ILEX CORNUTA

OLEANDER  
FORMOSA AZALEA  
SWEET VIBURNUM  
FLORIDA ANISE  
PITTOSPORUM  
YEW PODOCARPUS  
SANDANKWA VIBURNUM  
'HETZL' JUNIPER  
'PITZER' JUNIPER  
SHRUB HOLLY

### GROUND COVER

HEMEROCALLIS SPP.  
LIRIOPE MUSCARI  
JUNIPERUS CHINENSIS  
JUNIPERUS CHINENSIS VAR.

DAYLILY  
BORDER GRASS  
'PARSONS' JUNIPER  
DWARF SHORE JUNIPER

## LANDSCAPE NOTES

1. EVERY EFFORT WILL BE MADE IN LANDSCAPE BUFFER AREAS TO PRESERVE DESIRABLE EXISTING PLANT MATERIAL.
2. ALL NEW LANDSCAPE MATERIAL WILL BE FLORIDA #1 OR BETTER IN QUALITY AS SPECIFIED IN GRADES AND STANDARDS FOR NURSERY PLANTS, PUBLISHED BY THE FLORIDA DEPARTMENT OF AGRICULTURE.
3. IN THE LANDSCAPE BUFFER AREAS, STREET TREES SHALL BE 50 FEET ON CENTER AND HAVE AN INSTALL HEIGHT OF NO LESS THAN 6 FEET. SHRUBS TO BE 30 INCHES IN HEIGHT AT THE TIME OF INSTALLATION.
4. ALL PLANT MATERIAL SHALL BE LOCATED ON FINAL LANDSCAPE PLANS ACCORDING TO DETAIL SITE CONDITIONS AND SHALL BE IN AGREEMENT WITH CURRENT CITY OF TALLAHASSEE REGULATIONS.
5. ROAD INTERSECTIONS SHALL BE PLANTED SUCH THAT VEHICULAR CROSS VISIBILITY IS NOT IMPAIRED.
6. IN THE LANDSCAPE BUFFER AREAS, STREET TREES, SHRUBS, AND IRRIGATION WILL BE INSTALLED BY THE INDIVIDUAL PARCEL DEVELOPER AT THE TIME OF CONSTRUCTION. MAINTENANCE OF THE BUFFER AREAS WILL BE THE RESPONSIBILITY OF THE LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY.
7. COMMON AREAS WILL BE MAINTAINED BY THE LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY.



TAB 9



**STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES  
LEASE AGREEMENT**

LEASE NO.: 370:0201

THIS LEASE AGREEMENT, entered into this 19<sup>th</sup> day of June, 2007, between Leon County Research and Development Authority party of the first part, hereinafter called the Lessor whose Federal Identification Number (F.E.I.D. or S.S.) is 59-1931373, and the

State of Florida Department of **Environmental Protection**  
Division of **Water Resource Management**  
Bureau of **Mine Reclamation**

party of the second part, hereinafter called the Lessee,

**WITNESSETH:**

That the Lessor, for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by the Lessee, has demised and leased to the Lessee, for the term and under the conditions hereinafter set out, those certain premises in the

<u>Collins Building, 2051 East Paul Dirac Drive</u>	<u>Tallahassee, Florida</u>	<u>32310</u>	<u>Leon</u>
(Name of Building)	(City)	(Zip Code)	(County)

Florida, described as follows:

Entire building with the exception of the West end  
located within a 3.3 acres tract known as Site 1E Innovation Park, Tallahassee, Florida 32304

which shall constitute an aggregate area of 18,774 square feet of net rentable space measured in accordance with the Department of Management Services' Standard Method of Space Measurement, and which comprises approximately 75 % of the 24,900 net square feet in the building at the rate of \$ 9.15 per square foot per year. The Lessor shall also provide 63 parking spaces for the non-exclusive use of the Lessee as part of this lease agreement.

**I TERM**

**TO HAVE AND TO HOLD** the above described premises for a term commencing on the 1<sup>st</sup> day of July, 2007 to and including the 30<sup>th</sup> day of June, 2022.

**II RENTALS**

The Lessor hereby leases to the Lessee and the Lessee hereby leases from the Lessor the above described premises for the term set out in this lease and the Lessee agrees to pay the Lessor the sum of **Fourteen thousand three hundred fifteen dollars and eighteen cents (\$14,315.18)** per month for the rental period described in Article I of this lease. The rent for any fractional part of the first month shall be prorated. The rent shall be payable the month following the month of occupancy in accordance with Section 215.422, Florida Statutes. The rentals shall be paid to the Lessor at

<u>1736 West Paul Dirac Drive</u>	<u>Tallahassee, Florida</u>	<u>32310</u>
(Address)	(City)	(Zip Code)

**III HEATING, AIR CONDITIONING AND JANITORIAL SERVICES**

1.a. The Lessor agrees to furnish to the Lessee heating and air conditioning equipment and maintain same in satisfactory operating condition at all times for the leased premises during the term of the lease at the expense of the Lessor.

b. The Lessor agrees to maintain thermostats in the demised premises to achieve an average zone temperature of 75 degrees Fahrenheit during the heating and cooling seasons and certifies that boilers herein have been calibrated to permit the most efficient operation.

\*2. The Lessor agrees to furnish janitorial services and all necessary janitorial supplies for the leased premises during the term of the lease at the expense of the Lessor. The Lessee shall be responsible for recycling trash disposal for the leased premises during the term of the lease at the expense of the Lessee.

3. All janitorial services are required to be provided after the Lessee's normal working hours. See Addendum E. All other services required above shall be provided during the Lessee's normal working hours, which are normally from 7:30 a.m. to 5:30 p.m., Monday through Friday excluding state holidays.

**IV LIGHT FIXTURES**

1.a. The Lessor agrees to install in the demised premises light fixtures for the use of the Lessee.

\*b. The Lessor shall be responsible for replacement of all bulbs, lamps, tubes and starters used in such fixtures for the purpose of furnishing light.

2. The Lessor certifies that the lighting levels within the demised premises are maintained at and do not exceed the following levels: 10 foot-candles in halls and corridors; 30 foot-candles in other public areas; a minimum of 50 foot-candles in office, conference rooms, and other levels as set forth in the State Energy Management Plan, Volume II, Section F.



**V MAINTENANCE AND REPAIRS**

1. The Lessor shall provide for interior maintenance and repairs in accordance with generally accepted good practices, including repainting, the replacement of worn or damaged floor covering and repairs or replacement of interior equipment as may be necessary due to normal usage. The Lessee shall, during the term of this lease, keep the interior of the demised premises in as good a state of repair as it is at the time of the commencement of this lease, reasonable wear and tear and unavoidable casualties excepted.

2. The Lessor shall maintain and keep in repair the exterior of the demised premises during the term of this lease and shall be responsible for the replacement of all windows broken or damaged in the demised premises, except such breakage or damage caused to the exterior of the demised premises by the Lessee, its officers, agents or employees.

3. The Lessor shall maintain the interior and exterior of the demised premises including grounds and parking area so as to conform to all applicable health and safety laws, ordinances and codes which are presently in effect and which may subsequently be enacted during the term of this lease and any renewal periods.

4. The Lessor agrees to furnish pest control services for the leased premises during the term of the lease at the expense of the Lessor. Any pest control services needed for the leased premises that involves a solution in which the chemicals must be sprayed and may be harmful if inhaled will be provided after the Lessee's normal business hours.

**VI UTILITIES**

That the ~~Lessor~~ Lessee will promptly pay all telecommunications, gas, water, sewer, solid waste, power and electric light rates or charges which may become payable during the term of this lease for the gas, water, sewer and electricity used and disposal of solid waste generated by the Lessee on the premises; and if the lease is for 5,000 square feet or greater, separately metered for all energy and fuels which may be consumed by Lessee, alone.

\* These are the only Articles in which the word "Lessor" can be changed to "Lessee" by the Lessee without authorization from the Division of Facilities Management. (Rule 60H-1.003 Florida Administrative Code)

**VII ACCESSIBILITY STANDARDS AND ALTERATIONS**

1. The Lessor agrees that the demised premises now conform, or that, prior to Lessee's occupancy, said premises shall, at Lessor's expense, be brought into conformance with the requirements of the Florida Americans With Disabilities Accessibility Implementation Act, Section 553.501 - 553.513, Florida Statutes, and the current Florida Disability Code for Building Construction, providing requirements for persons with disabilities and with the requirement of Public Law 101-336, enacted July 26, 1990, effective January 26, 1992, Section 28 CFR Part 35 and Appendix to Section 36 CFR Part 1191, Known as the "Americans with Disabilities Act of 1990."

2. That the Lessee shall have the right to make any alterations in and to the demised premises during the term of this lease upon first having obtained the written consent thereto of the Lessor. The Lessor shall not capriciously withhold the consent to any such alterations.

**VIII INJURY OR DAMAGE TO PROPERTY ON PREMISES**

All property of any kind that may be on the premises during the continuance of this lease shall be at the sole risk of the Lessee, and except for any negligence of the Lessor, the Lessor shall not be liable to the Lessee for loss or damage to the property.

**IX FIRE AND OTHER HAZARDS**

1. In the event that the demised premises, or the major part thereof, are destroyed by fire, lightning, storm or other casualty, the ~~Lessor at its option may~~ Lessee shall forthwith repair the damage to such demised premises at its own cost and expense and with the prior written approval of the Lessor. The rental thereon shall cease until the completion of such repairs and the Lessor will immediately refund the pro rata part of any rentals paid in advance by the Lessee prior to such destruction; should the premises be only partly destroyed, so that the major part thereof is usable by the Lessee, then the rental shall abate to the extent that the injured or damaged part bears to the whole of such premises and such injury or damage shall be restored by the Lessor as speedily as is practicable and upon the completion of such repairs, the full rental shall commence and the lease shall then continue the balance of the term.

2. The Lessor shall provide for fire protection during the term of this lease in accordance with the fire safety standards of the State Fire Marshal. The Lessor shall be responsible for maintenance and repair of all fire protection equipment necessary to conform to the requirements of the State Fire Marshal. The Lessor agrees that the demised premises shall be available for inspection by the State Fire Marshal, prior to occupancy by the Lessee, and at any reasonable time thereafter.

3. The Lessor certifies that no asbestos was used in the construction of the demised premises or that if asbestos was used, actions have been completed to correct the hazards caused by the use of asbestos.

4. The Lessor certifies that if any radon is present, it is at a measurement level less than 4 PCI/L.

**X EXPIRATION OF TERM**

At the expiration of the term, the Lessee will peaceably yield up to the Lessor the demised premises in good and tenantable repair. It is understood and agreed between the parties that the Lessee shall have the right to remove from the premises all personal property of the Lessee and all fixtures, machinery, equipment, appurtenances and appliances placed or installed on the premises by it, provided the Lessee restores the premises to as good a state of repair as they were prior to the removal.

**XI SUBLETTING AND ASSIGNMENT**

The Lessee upon obtaining written consent of the Lessor, which written consent shall not capriciously be withheld, shall have the right to sublet all or any part of the demised premises or to assign all or any part of the demised premises.

**XII NOT CONSENT TO SUE**

The provisions, terms or conditions of this lease shall not be construed as a consent of the State of Florida to be sued because of said lease hold.

**XIII WAIVER OF DEFAULTS**

The waiver by the Lessee of any breach of this lease by the Lessor shall not be construed as a waiver of any subsequent breach of any duty or covenant imposed by this lease.



**XIV RIGHT OF LESSOR TO INSPECT**

The Lessor, at all reasonable times, may enter into and upon the demised premises for the purpose of viewing the same and for the purpose of making any such repairs as they are required to make under the terms of this lease.

**XV BREACH OF COVENANT**

These presents are upon this condition, that, except as provided in this lease, if the Lessee shall neglect or fail to perform or observe any covenant herein contained, which on the Lessee's part is to be performed, and such default shall continue for a period of thirty (30) days after receipt of written notice thereof from the Lessor to the Lessee, then the Lessor lawfully may, immediately, or at any time thereafter, and without further notice or demand, enter into and upon the demised premises, or any part thereof, and repossess the same as of their former estate and expel the Lessee and remove its effects forcefully, if necessary, without being taken or deemed to be guilty of any manner of trespass and thereupon this demise shall terminate but without prejudice to any remedy which might otherwise be used by the Lessor for arrears of rent or for any breach of the Lessee's covenants herein contained.

**XVI ACKNOWLEDGMENT OF ASSIGNMENT**

That the Lessee upon the request of the Lessor shall execute such acknowledgment or acknowledgments, or any assignment, or assignments, of rentals and profits made by the Lessor to any third person, firm or corporation, provided that the Lessor will not make such request unless required to do so by the Mortgagee under a mortgage, or mortgages executed by the Lessor, in conjunction with any financing or refinancing of the demised premises.

**XVII TAXES AND INSURANCE**

1. Lessor shall pay all real estate taxes on the demised premises. The Lessee shall pay all fire insurance premiums on the demised premises. Lessor shall not be liable to carry fire insurance on the person or property of the Lessee or any other person or property which may now or hereafter be placed in the demised premises. See attached Addendum B

**XVIII AVAILABILITY OF FUNDS**

The State of Florida's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Legislature. F.S. 255.2502.

**XIX USE OF PREMISES**

The Lessee will not make or suffer any unlawful, improper or offensive use of the premises or any use or occupancy thereof contrary to the laws of the State of Florida or to such Ordinances of the City and/or County in which the demised premises are located, or any limitations in any recorded restrictions against the demised premises (including any documents of conveyance or transfer) now or hereinafter made, as may be applicable to the Lessee. See attached Addendum B

**XX RENEWAL**

The Lessee is hereby granted the option to renew this lease for an additional 5 years(s) upon the same terms and conditions or as specified on attached Addendum H. If the Lessee desires to renew this lease under the provisions of this Article, it shall give the Lessor written notice thereof not more than six months nor less than three months prior to the expiration of the term provided in Article I of this Lease or any applicable renewal period.

**XXI RIGHT TO TERMINATE**

The Lessee shall have the right to terminate, without penalty, this lease in the event a State owned building becomes available to the Lessee for occupancy during the term of said lease for the purposes for which this space is being leased in the County of Leon, Florida, upon giving six (6) months advance written notice to the Lessor by Certified Mail, Return Receipt Requested.

**XXII NOTICES AND INVOICES**

All notices required to be served upon the Lessor shall be served by Registered or Certified Mail, Return Receipt Requested, at

1736 West Paul Dirac Drive Tallahassee, Florida 32310  
(Street) (City) (Zip Code)

and all notices required to be served upon the Lessee shall be served by Registered or Certified Mail, Return Receipt Requested, at the address of the Lessee at

3900 Commonwealth Boulevard, MS# 94 Tallahassee, Florida 32399-3000  
(Street) (City) (Zip Code)

Invoices, in triplicate, shall be submitted monthly to: Room 145, Collins Building, 2051 East Paul Dirac Drive, Tallahassee, Florida 32310

**XXIII DEFINITION OF TERMS**

- (a) The terms "lease," "lease agreement," or "agreement" shall be inclusive of each other and shall also include any renewals, extensions or modifications of this lease.
- (b) The terms "Lessor" and "Lessee" shall include the successors and assigns for the parties hereto.
- (c) The singular shall include the plural and the plural shall include the singular whenever the context so requires or permits.

**XXIV UNDERLYING LEASE**

Lessee acknowledges and agrees that this Agreement is a sublease, and Lessee accepts this Agreement subject to all the terms and conditions of, that certain lease agreement dated January 20, 1980, by and between the State of Florida, Board of Trustees of the Internal Improvement Trust Fund, and Lessor (the Underlying Lease), a copy of which is attached hereto as Addendum I and by reference incorporated herein, and subject to zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of the demised premises. In the event of the termination of the Underlying Lease, Lessee will upon demand of the successor to Lessor, deal with such successor in the same manner as if such successor were the original Lessor hereunder.

**XXV ADDITIONAL TERMS**

(Check One)

X All additional covenants or conditions appear on attached Addendum(s) A, B, C, D, E, F, G, H, I, J and K.

       No additional covenants or conditions form a part of this lease.



IN WITNESS WHEREOF, the parties hereto have hereunto executed this instrument for the purpose herein expressed, the day and year above written.

ANY LEASE AGREEMENT SHALL NOT BECOME LEGALLY EFFECTIVE UNTIL APPROVED/ACCEPTED BY THE DEPARTMENT OF MANAGEMENT SERVICES.

### ORIGINAL SIGNATURES REQUESTED ON ALL COPIES

Signed, sealed and delivered in the presence of: _____ Witness Signature _____ Print or Type Name of Witness _____ Witness Signature _____ Print or Type Name of Witness _____ <b>AS TO LESSOR</b>		<b>LESSOR, IF INDIVIDUAL (s):</b> _____ (SEAL) _____ Print or Type Name _____ (SEAL) _____ Print or Type Name
Signed, sealed and delivered in the presence of: <u>Sylvia W. White</u> Witness Signature <u>Sylvia W. White</u> Print or Type Name of Witness <u>Linda Nicholson</u> Witness Signature <u>LINDA NICHOLSEN</u> Print or Type Name of Witness <b>AS TO PRESIDENT, GENERAL PARTNER, TRUSTEE</b>		Name of Corporation, Partnership, Trust, etc.: <b>Leon County Research and Development Authority</b> By: <u>Thomas A. Barron</u> (SEAL) <u>Thomas A. Barron, Chairman</u> ATTEST: <u>Anna Lewis</u> (SEAL) <u>Its Secretary</u>
Signed, sealed and delivered in the presence of: <u>Paula Mueller</u> Witness Signature <b>Paula Mueller</b> Print or Type Name of Witness <u>Amanda Himmer</u> Witness Signature <b>Amanda Himmer</b> Print or Type Name of Witness <b>AS TO LESSEE</b>		<b>LESSEE:</b> STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION By: <u>Rufus Noble</u> <b>Rufus Noble</b> Print or Type Name <b>Director of Administrative Services</b> Print or Type Title
APPROVED AS TO CONDITIONS AND NEED THEREFOR DEPARTMENT OF MANAGEMENT SERVICES <u>Robert C. Blum</u> General Services Manager, Bureau of Real Property Management <u>Jean M. Lizzo</u> Director Division of Facilities Management APPROVAL DATE: <u>6-25-07</u>	APPROVED AS TO FORM AND LEGALITY, SUBJECT ONLY TO FULL AND PROPER EXECUTION BY THE PARTIES GENERAL COUNSEL DEPARTMENT OF MANAGEMENT SERVICES By: <u>Monika</u> _____ Print or Type Name APPROVAL DATE: <u>6/21/07</u>	<del>APPROVED AS TO FORM AND LEGALITY, SUBJECT ONLY TO FULL AND PROPER EXECUTION BY THE PARTIES</del> <del>GENERAL COUNSEL</del> <del>DEPARTMENT OF ENVIRONMENTAL PROTECTION</del> By: _____ _____ Print or Type Name APPROVAL DATE: _____

## MONTHLY RENTAL RATE SCHEDULE

### Addendum A

Lease No. 370:0201

Leased Square Feet: 18,774

Effective Date: 07/01/07

<u>TERM</u>	<u>AMOUNT PER SQ.FT.</u>	<u>MONTHLY RENTAL</u>
07/01/07 - 06/30/22	\$9.15	\$14,315.18 Fourteen thousand three hundred fifteen dollars and eighteen cents

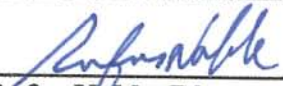
## **ADDENDUM B**

**LEASE NUMBER: 370:0201**

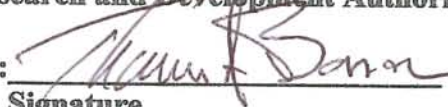
**Related to Section XVII Taxes and Insurance:** (1) The Lessee has advised the Department of Insurance that this lease requires the Lessee to have fire insurance and other hazards included under the State Insurance Plan for the facility and the Lessee will be responsible for all insurance applicable in accordance with Chapter 284, Part I, Florida Statutes. The Lessee agrees to replace, repair and restore, at Lessee's cost and expense, any and all damage to or destruction of the Building, or any portion thereof caused by fire, casualty, windstorm or other hazard outside the control of the Lessee, and this lease shall not terminate as a result of such damage or destruction.

**Related to Section XIX Use of Premises:** It is recognized that the lease facility is a publicly-owned building in accordance with the meaning set forth in the code under Section 159.701, Florida Statutes. The Lessee and any assignees or sublessee shall use the demised premises only for the purposes(s) enumerated in Chapter 159, Parts II and V, Florida Statutes, as the same may be amended from time to time, and for no other purpose. The Lessee and any assignees or sublessee will not make or suffer any unlawful, improper, or offensive use of the demised premises or any use or occupancy thereof contrary to the laws of the State of Florida or to such ordinances of the city and/or county in which the demised premises are located, or any limitations in any recorded restrictions against the demised premises. The Lessee and any assignees or sublessee shall not maintain or permit any nuisance in or upon the demised premises, and shall not cause or permit the waste or deterioration of the demised premises or any part thereof, ordinary wear and tear excepted. The Lessee's and any assignees or sublessee's use and occupancy of the demised premises is expressly subject to the Protective Covenants of Innovation Park/Tallahassee dated February 10, 1981, recorded February 10, 1981, in Official Records Book 984, Page 2269, Public Records of Leon County, Florida (the Covenants), which Covenants are attached as Addendum J and are made a part hereof by reference and any violation of the Covenants shall be a default by the Lessee under this Agreement. The Lessee hereby acknowledges that the Lessor has delivered a copy of the Covenants to the Lessee.

**LESSEE**  
**State of Florida**  
**Department of Environmental Protection**

By:   
**Rufus Noble, Director**  
**Division of Administrative Services**  
6/19/2007  
Date: \_\_\_\_\_

**LESSOR**  
**Leon County**  
**Research and Development Authority**

By:   
**Signature**  
**Thomas A. Barron**  
**Print/Type Name**  
**Chairman**  
**Print/Type Title**  
6/18/07  
Date: \_\_\_\_\_





STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES

DISCRIMINATION

REQUIRED ADDENDUM C

LEASE NUMBER: 370:0201

An entity or affiliate who has been placed on the Discriminatory Vendor List may not submit a bid, proposal or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity.

LESSEE

State of Florida  
Department of Environmental Protection

By: Rufus Noble  
Rufus Noble, Director  
Division of Administrative Services

Date 6/19/2007

LESSOR

Leon County  
Research and Development Authority

By: Thomas A. Barron  
Signature  
Thomas A. Barron

Print/Type Name

Chairman

Print/Type Title

Date 6/15/07





STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES

PUBLIC HURRICANE EVACUATION SHELTER

ADDENDUM D

LEASE NUMBER: 370:0201

Pursuant to Section 252.385 (4)(b), F.S., facilities that are solely occupied by state agencies and have at least 2,000 square feet of net rentable space in a single room or a combination of rooms each having a minimum of 400 square feet may be required to serve as a public hurricane evacuation shelter at the request of the local emergency management agencies.

It is hereby agreed and understood that in the event the facility being leased is selected for use as an emergency shelter the lessor, upon receiving notice from the Emergency Management Center, shall make the building available as a public hurricane evacuation shelter.

LESSEE  
State of Florida  
Department of Environmental Protection

By: Rufus Noble  
Rufus Noble, Director  
Division of Administrative Services  
Date 6/19/2007

LESSOR  
Leon County  
Research and Development Authority

By: Thomas A. Barron  
Signature  
Thomas A. Barron  
Print/Type Name  
Chairman  
Print/Type Title  
Date 6/15/07



**STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES**

**JANITORIAL SERVICES**

**ADDENDUM E**

**LEASE NUMBER: 370:0201**

The lessor agrees to furnish janitorial and cleaning services as part of this lease agreement. This includes furnishing all cleaning/maintenance equipment and cleaning supplies as required, including but not limited to, drinking cups at water fountains, bathroom tissues, paper towels, trash receptacle liners, hand soap (preferably liquid) and doormats at entrances to the facility. All supplies are to be of good quality acceptable in the janitorial profession and of satisfactory quality suitable to the needs of personnel.

Cleaning of the facility shall be accomplished without the use of any products that contain ammonia, mineral spirits, paint thinners, chlorinated solvents or petroleum-based cleaners in accord with the following schedule:

<b>FLOORS</b>	
<b>DAILY:</b>	Carpeted Areas – Vacuum Non-carpeted Areas – Dust mop Remove gum and other materials. Spot damp mop and to remove stains or spots.
<b>WEEKLY:</b>	Non-Carpeted Areas – Damp mop and spray buff.
<b>SEMI-ANNUALLY:</b>	Machine clean carpets in hallways. Other areas to be cleaned if their condition so dictates.
	Strip, reseal and wax all normally waxed floors.
<b>ANNUALLY:</b>	Machine clean all carpets throughout the facility.
<b>WALLS, CEILINGS, INTERIOR DOORS, LEDGES, ETC.</b>	
<b>WEEKLY:</b>	Spot Clean Clean light switch plates and surrounding wall areas. Dust windowsills, ledges, fixtures, etc.
<b>MONTHLY:</b>	Dust or vacuum HVAC registers.
<b>ANNUALLY:</b>	Clean all light fixture diffuses and dust light bulbs.
<b>WINDOWS AND GLASS</b>	
<b>DAILY:</b>	Spot clean entrances and vicinity glass both in and outside. Spot clean directory and internal glass or windows.
<b>SEMI-ANNUALLY:</b>	Clean inside of external windows.
<b>WATER FOUNTAINS</b>	
<b>DAILY:</b>	Clean and sanitize. Replenish supply of disposable cups (if applicable).

<b>FURNISHINGS</b>	
<b>AS NEEDED, BUT AT LEAST WEEKLY:</b>	Dust tables, chairs, desks, credenzas, file cabinets, bookcases, etc. Do not disturb any papers lying on desks or cabinets Dust and clean all ornamental wall decorations, picture, charts, chalkboards, etc. Dust draperies, venetian blinds, or curtains.
<b>SEMI-ANNUALLY:</b>	Vacuum all drapes, venetian blinds, or curtains.
<b>TRASH AND REFUSE</b>	
<b>DAILY:</b>	Empty and clean all trash receptacles. Receptacle liners are to be used. Change as necessary. Remove all collected trash to external dumpsters or trash containers. In conference rooms, reception areas, etc., remove accumulated trash, i.e. paper cups, soda cans, etc.
<b>CIGARETTE URNS AND ASHTRAYS</b>	
<b>DAILY:</b>	Empty and clean all cigarette urns. Empty and damp wipe all ashtrays.
<b>ELEVATORS – (If Applicable)</b>	
<b>DAILY:</b>	If carpeted, vacuum. If not carpeted, dust mop, remove gum and other materials, spot damp mop to remove stains or spots. Clean hardware and control panels.
<b>WEEKLY:</b>	Vacuum door tracks. Damp mop floors and spray buff if not carpeted.
<b>STAIRWELLS (If Applicable)</b>	
<b>DAILY:</b>	Remove accumulated trash. Spot sweep as required.
<b>WEEKLY:</b>	Sweep. Dust mop to remove stains. Dust handrails, ledges, etc. Spot clean walls and doors.
<b>RESTROOMS</b>	
<b>DAILY:</b>	Maintain in a clean and sanitary condition: floors, walls, doors, stalls, partitions, shelves, sinks, commodes, urinals, bath facilities, soap and towel dispensers Clean and polish mirrors. Empty and sanitize trash and sanitary napkin receptacles. Replenish supplies of tissue, towels, and soap. Check and replace, as necessary, deodorizer bars/room air freshener units.
<b>MONTHLY:</b>	Clean ceramic tile surfaces with a strong cleaner or bleach so that tile and grout have a uniform color.
<b>LOUNGE AND KITCHEN AREAS (If Applicable)</b>	
<b>DAILY:</b>	Clean and sanitize sinks and counter areas.
<b>EXTERIOR</b>	
<b>DAILY:</b>	Sweep outside area immediately adjacent to building entrances. Keep parking lot and surrounding grass areas free of trash.
<b>WEEKLY:</b>	Sweep all exterior access areas, i.e. sidewalks, porches, verandas, etc.



## MAINTENANCE SERVICES

In reference to Articles III and V of the lease agreement:

1. Filters for HVAC shall be changed every 90 days at a minimum and more often as conditions warrant.
2. All painted surfaces in the facility shall be freshly painted at the commencement of this lease and at least once every ten years thereafter during the lease term and any renewals thereof. Touch up painting to be done as needed. Any painting done on the leased premises is to be done outside Lessee's normal business hours, which are normally from 7:30 a.m. to 5:30 p.m., unless prior approval is received from the Lessee. The lessor is to notify the lessee ninety days prior to any painting of the leases premises.
3. Perform such other services as are necessary to keep the facility clean and in a sanitary condition.

In providing any or all of the before mentioned services:

1. Janitorial staff are to only use necessary lighting in the areas in which they are actually working and turn off unnecessary lighting. Air conditioning equipment is not to be turned on for the exclusive use of the janitorial staff.
2. Only actual employees of the janitorial contractor are to be admitted to the premises.
3. During after hours cleaning, all outside doors are to be locked and janitorial staff are not to provide access into the facility to anyone.
4. Janitorial staff are to check exterior doors and windows to ensure the facility is secure at the time of leaving the facility.
5. Janitorial staff are not to use any chemicals that may contain ammonia, mineral spirits, paint thinners, chlorinated solvents or petroleum-based cleaners.

### **LESSEE**

State of Florida  
Department of Environmental Protection


By:   
Rufus Noble, Director  
Division of Administrative Services

Date

6/19/2007

### **LESSOR**

Leon County  
Research and Development Authority

By:   
Signature

Thomas A. Barron

Print/Type Name

Chairman

Print/Type Title

Date

6/15/07





STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES

PUBLIC ENTITY CRIME STATEMENT

REQUIRED ADDENDUM **F**

LEASE NUMBER: **370:0201**

**Public Entity Crime Statement:** Section 287.133, Florida Statutes, places the following restrictions on the ability of persons convicted of public entity crimes to transact business with the department:

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

**LESSOR**

**Leon County Research and Development Authority**

By: 

Signature

Thomas A. Barron

Print/Type Name

Chairman

Print/Type Title

Date

6/15/07

## **ADDENDUM G**

### **TENANT IMPROVEMENT AGREEMENT**

**LEASE NUMBER: 370:0201**

As a condition precedent to Lessee's obligation to continue to occupy and pay rent, the Lessor agrees to make the following improvements to the facility located on the leased premises within one year of the commencement date:

- Replace all ceiling tiles in the computer room with vinyl ceiling tiles
- Paint interior hallways
- Paint interior offices
- Paint exterior of building
- Replace hallway carpets

The Lessor also agrees to replace all original air conditioning units, the landscaping bordering each unit and the corresponding air handlers located in the attic area by the end of the third year of the commencement of the lease. In the event of equipment failure, the Lessor agrees to replace or repair equipment as needed at the sole cost and expense of the Lessor.

#### **LESSEE**

**State of Florida**

**Department of Environmental Protection**

By: \_\_\_\_\_

*Rufus Noble*  
**Rufus Noble, Director**

**Division of Administrative Services**

Date

*6/19/2007*

#### **LESSOR**

**Leon County**

**Research and Development Authority**

By: \_\_\_\_\_

*Thomas A. Barron*  
**Signature**

**Thomas A. Barron**

**Print/Type Name**

**Chairman**

**Print/Type Title**

Date

*6/13/07*

(SEAL)

## **ADDENDUM H**

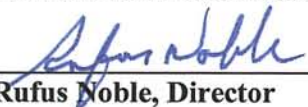
### **Renewal Agreement**

**LEASE NUMBER: 370:0201**

The Lessee is hereby granted the option to renew this lease for an additional 5 year term. The rental rate will be negotiated between Lessor and Lessee for the additional 5 year term. If the Lessee desires to renew this lease under the provisions of this Article, it shall give the Lessor written notice thereof not more than six months nor less than three months prior to the expiration of the term provided in Article I of this Lease or any applicable renewal period.

#### **LESSEE**

**State of Florida  
Department of Environmental Protection**

By:   
**Rufus Noble, Director  
Division of Administrative Services**

6/19/2007  
**Date**

#### **LESSOR**

**Leon County  
Research and Development Authority**

By:   
**Signature  
Thomas A. Barron**

**Print/Type Name**

Chairman

**Print/Type Title**

6/12/07  
**Date**

**(SEAL)**

## ADDENDUM I

Lease No. 3131

LEASE AGREEMENT

LEASE NUMBER: 370:0201

DR1031PG1936

THIS AGREEMENT made and entered into this 28<sup>th</sup> day of January, 1980, by and between the State of Florida Board of Trustees of the Internal Improvement Trust Fund (hereinafter referred to as the Board), and the Leon County Research and Development Authority (hereinafter referred to as the Authority).

### W I T N E S S E T H:

WHEREAS, by Chapter 78-402, Laws of Florida, (codified as Chapter 23, Part VII, Florida Statutes) the Legislature has provided for the development of a research and development authority, and has declared that the same will serve the public purposes of developing new knowledge, advancing technology and enhancing economic growth within the State of Florida; and

WHEREAS, by virtue of Florida Statutes §159.74(10) (1979), the Authority is empowered to lease, without consideration, lands owned, administered, managed, controlled, supervised or otherwise protected by the State or its agencies, departments, boards or commissions; and

WHEREAS, the Authority came into existence pursuant to law and has requested a lease of certain State lands herein-after described for use as a research and development park, and the Board is authorized to enter such lease and has agreed to do so;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the parties do hereby agree as follows:

1. Property and Term. The Board hereby leases to the Authority the lands described in Exhibit A attached hereto and made a part hereof, lying and situate in Leon County, Florida (hereinafter referred to as the Park Lands), to have and to hold for a period of Ninety-Four (94) years from the date hereof. The Board does not warrant or guarantee title, right or interest in the hereinabove described property.

This instrument was prepared by  
CASS D. VICKERS  
Missouri, Phoebe, Vickers  
P. O. Box 1876  
Tallahassee, Florida 32302

58723-4  
RECORDED IN THE PUBLIC  
RECORDS OF LEON CO. FLA.  
JUN 30 4 50 PM 1982  
PAUL F. HARRIS, CLERK OF CIRCUIT COURT



OR1031PC1937

2. Use and Control of Park Lands. The Park Lands shall be used for research, design, development, light manufacturing and assembly, educational, and related purposes in furtherance of the essential public purposes declared by the enabling legislation. Subject to applicable governmental laws and ordinances, and the further conditions herein set forth, the Authority shall have full and sole control of and responsibility for the development, subleasing, management, and use of the Park Lands and for the negotiation, consummation and enforcement of all contracts and agreements relating thereto. The Authority shall send a copy of each executed sublease to the Board which sublease shall fully comply with the terms of this Agreement. The Authority shall protect the Park Lands against environmental influences inconsistent with the character of the property as a research and development park.

3. Concept of Development. The Authority shall not sublease any portion of the Park Lands until it has formulated a concept of development therefor and the concept of development has been approved by the Board. The concept shall contain a statement of the intended pattern of development and leasing within the Park Lands and shall specify the quantity of land, by acreage, to be preserved in its natural state. The Authority shall prepare and submit the concept of development to the Board within eighteen (18) months from the date of this Lease Agreement and the Board shall approve or disapprove the same within sixty (60) days thereafter. If the Board fails to take action approving or disapproving the concept of development within sixty (60) days of its submission, the concept of development shall be deemed approved by the Board. If no concept of development has been approved within two (2) years of the date of this Lease Agreement, this Lease may be terminated at the Board's option, upon written notification to the Authority.

Lease No. 3131

OR1031PG1938

4. Master Sublease Subject to Board Approval.

(a) A Master Sublease shall be prepared by the Authority and submitted to the Board as a part of the concept of development. It shall contain bonding provisions for payment in full by the sublessee of all ad valorem taxes, mechanic's or materialmen's liens, and any other liens which may attach to the Park Lands.

(b) The Master Sublease shall contain provisions for insurance coverage whereby the sublessee indemnifies the Board and the State of Florida in amounts determined by the Board for injuries suffered against the Board and the State of Florida resulting from any and all claims, judgments, or damages caused by, arising out of or resulting from the use of the Park Lands by the sublessee or any of sublessee's agents, servants, employees or invitees.

(c) The amount and type of insurance required pursuant to paragraph 4(b) shall be reviewed by the Board and subject to adjustment at the Board's discretion every five (5) years. In the event that the limitations on the amount of recovery from the State pursuant to Florida Statutes, §768.28, are amended or changed, the amounts and types of insurance established herein shall be adjusted to provide indemnification equal to or greater than the revised types and amounts contained in Florida Statute §768.28.

5. Termination/Expiration of Lease.

(a) If no portion of the Park Lands has been leased to a tenant within eight (8) years from the date of approval of the concept of development pursuant to paragraph 3 above, this Lease may be terminated at the Board's option, upon written notice to the Authority. Unless expressly waived by the Board, the requirement herein for leasing to a tenant shall include the completed construction of such tenant's improvements upon the Park Lands and commencement of the tenant's business or operation.

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from such location. At the expiration of this Lease Agreement, title to any and all improvements upon the Park Lands shall vest in the Board.

(b) If the Board gives written notice to the Authority that the Authority and/or any of its sublessees are in violation of any provisions or conditions set forth in this Lease Agreement or any sublease agreement, the Authority shall have six (6) months after receipt of said notice within which to correct the violation(s). The notice shall specify the provisions or conditions which are being violated and what action is required to bring the Authority and/or its subtenants into compliance with the Lease Agreement or sublease(s). In the event the Authority fails to cause such violation(s) to be corrected within the allotted time, the Board may cancel this Lease Agreement and any subleases of any subtenant(s) who are also in violation hereof; provided however that if the Authority has diligently and in good faith used its best efforts to cure the violations within the allotted six-month period but has, through no fault of its own, been unable to have them cured within that time, the Board shall give the Authority a reasonable amount of additional time within which to cause the violation(s) to be corrected. Without limitation, the Board may also seek appropriate injunctive relief against the Authority and/or any sublessee to compel compliance with this Lease Agreement. In the event of a termination pursuant to the provisions of this paragraph 5(b), the Board or its designee shall be substituted for the Authority as lessor of the subleases under the same terms and conditions as the original subleases, provided that the sublessee is not in default under the terms of its sublease.

(c) Should the Authority be disestablished by an act of the Legislature or for any other reason or should the Authority become or be declared insolvent, then in either such event, and upon written notice to the Authority or its repre-



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sentative and all sublessees, the Authority shall cease and no longer be the lessor of the subleases theretofore entered into and the Board or its designee shall be substituted for the Authority as lessor of the subleases, provided that the sublessee is not in default under the terms of its sublease.

6. Board Inspections. The Board or its duly authorized agents shall have the right at any time to inspect the Park Lands and the works and operations thereon of the Authority in any matter pertaining to this Agreement, provided such inspection(s) shall not unreasonably interfere with the operations and activities of the Authority's tenants thereon.

7. Coordination with Division of Archives, History and Records Management. Execution of this Agreement in no way affects the Authority's obligations pursuant to Chapter 267, Florida Statutes.

8. Parties Bound. The covenants and agreements herein contained shall bind and inure to the benefit of the parties and their respective heirs, successors, administrators and assigns.

9. Fee Unencumbered; No Pledge of Credit of State. Under no circumstances will the fee title to the Park Lands be encumbered other than by leasehold interest and encumbrances thereon. No act taken pursuant to or in furtherance of this Agreement shall be, or be construed to be a pledge of credit of the State of Florida or any agency thereof.

10. Subleases and Assignments. It is expressly understood and agreed that any and all assignees and sublessees shall be subject to and bound by all of the applicable terms, covenants and conditions contained in this Agreement and this Agreement shall be made a part of and incorporated in all subleases.



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11. Condemnation. In the event any authority with eminent domain powers seeks to condemn any portion of the Park Lands, then any award made by the court shall be made to the Board, the Authority, and its sublessees as their respective interests may appear, and the parties agree that no settlement may be reached with the condemning authority without the written approval of all such parties.

IN TESTIMONY WHEREOF, the parties hereto have executed this Agreement in Tallahassee, Florida, on this the 28<sup>th</sup> day of January, 1980.

(SEAL)

BOARD OF TRUSTEES OF THE  
INTERNAL IMPROVEMENT TRUST  
FUND OF THE STATE OF FLORIDA

WITNESSES:

WITNESSES:

Catherine L. Daniels  
Nancy J. Harrison

BOARD OF TRUSTEES OF THE  
INTERNAL IMPROVEMENT TRUST  
FUND OF THE STATE OF FLORIDA

By [Signature]  
Executive Director  
Department of Natural Resources  
Agent for the Board of Trustees  
of the Internal Improvement Trust  
Fund authorized to execute this  
instrument for and on its behalf  
pursuant to Section 253.431,  
Florida Statutes, and resolution  
recorded in its minutes of  
November 4, 1975.

LEON COUNTY RESEARCH AND  
DEVELOPMENT AUTHORITY

By [Signature]  
Malcolm Johnson, Chairman

Lease No. 3131

OR 1031761942

EXHIBIT A

Begin at an old concrete monument marking the Southwest corner of the East half of the Northwest quarter of Section 3, Township 1 South, Range 1 West, Leon County, Florida, and run North 00 degrees 25 minutes 51 seconds West along the West boundary of the East half of the Northwest quarter of said Section 3 a distance of 662.86 feet to the Southerly right of way boundary of Roberts Avenue, thence run South 82 degrees 06 minutes 50 seconds East along said Southerly right of way boundary of Roberts Avenue 2431.02 feet to the Easterly boundary of a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 2172.37 feet, thence run North 88 degrees 41 minutes 49 seconds West 40.26 feet, thence run South 01 degrees 18 minutes 11 seconds West 44.00 feet, thence run South 88 degrees 41 minutes 49 seconds East 39.84 feet to said Easterly boundary of a powerline easement, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 172.26 feet, thence run North 86 degrees 27 minutes 46 seconds West along the Southerly boundary of said powerline easement and a projection thereof 1879.32 feet, thence run South 88 degrees 54 minutes 57 seconds West along said Southerly boundary of a powerline easement 2069.65 feet to a concrete monument on the West side of a ditch, thence run Northerly along the West side of said ditch as follows:  
North 15 degrees 45 minutes 28 seconds East 240.68 feet, thence North 10 degrees 56 minutes 35 seconds East 173.77 feet, thence North 01 degrees 10 minutes 11 seconds East 399.58 feet, thence North 00 degrees 56 minutes 36 seconds West 203.45 feet, thence North 27 degrees 41 minutes 18 seconds West 407.50 feet, thence North 10 degrees 13 minutes 03 seconds West 221.38 feet, thence North 01 degrees 29 minutes 20 seconds West 397.40 feet to a concrete monument, thence leaving said West bank of a ditch run North 89 degrees 59 minutes 41 seconds East 434.95 feet to an old terra cotta monument marking the Southwest corner of the Southwest quarter of the Northwest quarter of said Section 3, thence run North 89 degrees 59 minutes 41 seconds East along the South boundary of the Northwest quarter of said Section 3 a distance of 1319.87 feet to the Point of Beginning, containing 207.92 acres, more or less. The above described property being subject to a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida.

**ADDENDUM J**  
**LEASE NUMBER: 370:0201**

OFF  
REC 984 PAGE 2269

INNOVATION PARK/TALLAHASSEE  
DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS

STATE OF FLORIDA

COUNTY OF LEON

KNOW ALL PERSONS BY THESE PRESENTS, that this Declaration of Protective Covenants and Restrictions/ is made this 10th day of February, 1981, by the LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY, a local government body, corporate and politic, herein- after referred to as the "Authority".

STATEMENT OF PURPOSE

The Authority is a local governmental body created and existing pursuant to Florida Statutes, §159.701 et seq., which has acquired by long term lease from the State of Florida certain lands, hereinafter described, for development as a research and development park known as INNOVATION PARK/TALLAHASSEE. The Authority desires to provide for the development and use of the lands comprising INNOVATION PARK/TALLAHASSEE as a research and development park with common environmental concerns and to impose and enforce covenants and restrictions thereon which will permit the use of lands therein for research, development and other authorized purposes and which will assure the development, use and maintenance of the lands in a natural park-like setting.

NOW, THEREFORE, the Authority declares that the real property described in Exhibit "A" attached hereto and by reference incorporated herein, together with such additional land as the Authority may hereafter submit to this Declaration, is and shall be held, leased and occupied subject to the covenants, restrictions, easements, conditions and charges hereinafter set forth.

ARTICLE I.  
PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The real property which is and shall be held, leased and occupied subject to this Declaration is located in Leon County, Florida, comprises 200 acres, more or

This instrument was prepared by  
CASS D. VICKERS  
Messer, Rhodes, Vickers & Hart  
P. O. Box 1876  
Tallahassee, Florida 32302

530397  
RECORDED IN THE PUBLIC  
RECORDS OF LEON CO. FLA  
IN THE BOOK 2, PAGE 180.  
FEB 10 4 08 PM 1981  
AT TALLAHASSEE, FLA  
PAUL F. HARTFIELD  
CLERK OF CIRCUIT COURT



less, and is more particularly described in Exhibit "A" attached hereto and by reference incorporated herein.

Section 2. The Authority reserves the right to subject any additional properties which it may acquire, or which may otherwise come under its control, as a part of INNOVATION PARK/TALLAHASSEE to this Declaration by recordation of appropriate instruments among the public records of Leon County, Florida.

ARTICLE XI.  
DEFINITIONS.

The following words and phrases when used in this Declaration or any supplemental declaration shall, unless the context otherwise requires, have the following meanings:

(a) "Authority" shall mean and refer to the Leon County Research and Development Authority.

(b) "Building" shall include, but not be limited to both the main portion of the building and all projections and extensions thereof, including but not limited to platforms, docks, eaves, canopies, walls and screens.

(c) "Committee" shall mean and refer to the Development Review Committee hereinafter established.

(d) "Common Areas" shall mean and refer to those areas of land within INNOVATION PARK/TALLAHASSEE designated by the Authority for the common use and enjoyment of the Authority and the Tenants.

(e) "Improvements" shall include, but not be limited to, all structures, construction and installation of any kind, whether above or below the land surface, including, but not limited to, buildings, outbuildings, water lines, sewers, electrical and gas distribution facilities, telephone lines, loading areas, ramps, docks, parking areas, walkways, walls, towers, antennae, screens, entrance ways, gates and signs.

(f) "Site" shall mean a parcel of land within INNOVATION PARK/TALLAHASSEE under lease from the Authority to a Tenant or



designated by the Authority as available or to become available  
for lease to a Tenant.

(g) "Tenant" shall mean and refer to a party to whom one or more Sites has been leased by the Authority pursuant to a duly executed written lease agreement, or to whom space within a building within INNOVATION PARK/TALLAHASSEE has been leased pursuant to a duly executed lease agreement signed or approved by the Authority in writing.

ARTICLE III.  
GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Authority, the Tenants or any of them, and their respective personal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time the covenants and restrictions herein shall automatically be extended for successive periods of twenty-five (25) years unless an instrument signed by the Authority or its successor in interest has been duly recorded agreeing to change or terminate the covenants and restrictions herein in whole or in part. The Authority reserves and shall have the sole right to amend this Declaration for the purpose of curing any ambiguity in or inconsistency between the provisions contained herein. No Tenant may, without the prior written approval of the Authority, impose any additional covenants or restrictions on any part of the lands within INNOVATION PARK/TALLAHASSEE.

Section 2. Notices. Any notice required to be sent to the Authority under the provisions of this Declaration shall be personally delivered or deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, addressed to the Authority at such post office address as it may advise the Tenants of from time to time.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or entity violating or attempting to violate any covenant or restriction, or to restrain such violation, or to recover damages, and the failure by the Authority or any Tenant to enforce any covenant or restriction contained herein shall in no event be deemed a waiver of the right to do so thereafter. In the event of litigation brought by the Authority or tenants of INNOVATION PARK/TALLAHASSEE for the enforcement of this Declaration or any provision contained herein, the prevailing party shall be entitled to recover its Court costs and reasonable attorney's fees from the losing party.

ARTICLE IV,  
VARIANCES

Any Tenant desiring to make a use of his Site, or any portion thereof, other than in strict accordance with the covenants and restrictions set forth in this Declaration may apply to the Authority for a variance. The application shall be filed in advance of any such variant use on forms to be prescribed by the Authority for that purpose. The application shall be submitted to the Development Review Committee for review and recommendation. A public hearing shall be held upon the application by the Committee after at least fifteen (15) days advance notice of the hearing has been given in the following manner. The Committee shall, at the applicant's expense, cause a copy of the application and notice of hearing to be delivered or mailed by certified or registered mail, return receipt requested to each Tenant in INNOVATION PARK/TALLAHASSEE and the notice of hearing to be published once in a newspaper of regular and general circulation in Tallahassee and Leon County, in both instances at least fifteen (15) days prior to the date of the hearing. Within fifteen (15) days following the public hearing the Committee shall recommend to the Authority its proposed disposition of the application. The Authority shall act upon the application by majority vote within thirty (30) days

following receipt of the Committee's recommendations and the Authority's decision shall be final and binding. The Authority shall not approve any application for a variance unless it finds that denial of the application would work an undue hardship upon the applicant and that the grant of variance will be in harmony with the general intent and purpose of this Declaration. For this purpose the Authority may condition a grant of variance upon such conditions and safeguards as the Authority deems appropriate.

ARTICLE V.  
PERMITTED LAND USES.

No Site within INNOVATION PARK/TALLAHASSEE shall be used except for research, design, testing, analysis, prototype development, pilot scale production and limited product assembly purposes and for such other purposes, including administrative, professional and support services as the Authority may, in its sole judgment, determine to be an integral part of, related to or derivative of the aforesaid uses. The Authority shall, in its sole discretion, determine whether or not any existing or proposed use of a Site is a permitted use within the meaning and intent of this Declaration. The foregoing iteration of permitted uses shall not, however, preclude the Authority from constructing, owning, operating, maintaining, leasing, or permitting service, commercial, administrative or recreational facilities within INNOVATION PARK/TALLAHASSEE, provided any such facilities are for the primary use, enjoyment and convenience of the Authority or the Tenants of INNOVATION PARK/TALLAHASSEE, their employees, agents and representatives. No use will be permitted of any lands or space within INNOVATION PARK/TALLAHASSEE which fails to comport with the performance standards hereinafter set forth, nor shall any use be permitted which constitutes a nuisance, public or private, or which tends to damage or destroy public or private property, or which denigrates the integrity or character of the natural features of INNOVATION PARK/TALLAHASSEE. The Authority reserves the right to require that any permitted production or



product assembly operations be confined to specially designated areas within INNOVATION PARK/TALLAHASSEE.

ARTICLE VI.  
PERFORMANCE STANDARDS

The use of all Sites shall conform to such performance standards as the Authority may from time to time prescribe in writing governing noise; smoke and particulate matter; toxic gases, fumes and vapors; vibration; glare and lighting; effluent discharge; the disposal of waste materials; radiation and other matters of environmental concern. The burden of demonstrating compliance with such performance standards shall rest upon the Tenant.

ARTICLE VII.  
SPACE ALLOCATIONS AND DIMENSIONAL STANDARDS

Section 1. Minimum Site Size. No Site shall be established which contains an area of less than two (2) acres nor shall any Site be subdivided into parcels of less than two (2) acres. In no event shall any Site be subdivided without the prior written approval of the Authority. The Authority reserves the right to permit the use and occupation of a single Site by more than one Tenant. The Authority further reserves the right to designate as a Site any area within INNOVATION PARK/TALLAHASSEE equal to or exceeding two (2) acres, whether or not the same be a multiple of two (2) acres.

Section 2. Site Coverage Limitations. The maximum area that may be covered by Buildings and other structures constructed thereon, including but not limited to parking, road, driveway and other impervious surface areas, shall not exceed fifty percent (50%) of the total area of the Site.

Section 3. Setback Restrictions. No Building shall be located on a Site nearer than 100 feet from any building on any adjoining Site. No Building shall be located on any Site nearer than fifty (50) feet from the front or side Site lines or nearer than twenty-five (25) feet from the rear Site line. All accessory Buildings and other Improvements shall be located on a Site so as



to permit and preserve a natural vegetative buffer having a depth of at least twenty-five (25) feet along the rear and side Site lines.

Section 4. Height Limitations No Building, structure or other improvement shall be erected, constructed or permitted on any Site having a height above ground level of more than forty-five (45) feet.

ARTICLE VIII,  
PARKING AND LOADING

Section 1. Parking. Offstreet parking spaces sufficient to accommodate the parking demands generated by the use of each Site shall be provided on the Site. No onstreet parking shall be permitted. Offstreet parking areas shall be constructed by the following standards:

(a) Dimensions. Each offstreet parking space shall be at least nine (9) feet in width and at least nineteen (19) feet in depth, exclusive of the area required for access drives or aisles.

(b) Entrance and Exits. Each parking space shall be directly accessible from a street, alley or other public right-of-way or from an adequate access aisle or driveway leading to or from a street, alley or other public right-of-way. All offstreet parking spaces shall be so arranged that no motor vehicle shall have to back into any street or public right-of-way. No entrance or exit driveway shall be permitted any nearer than fifty (50) feet from a street intersection.

(c) Aisle Widths. All offstreet parking areas providing four (4) or more parking spaces shall be constructed with aisle widths having the following minimum dimensions, based upon the angle of the parking stall to the access aisle:

Parking Stall Angle	Aisle Width
30 degrees	11 feet
45 degrees	13 feet
50 degrees	14.5 feet
55 degrees	16 feet
60 degrees	17.5 feet
90 degrees	22 feet

Aisles shall be twenty-two (22) feet in width when not designed to serve a particular parking configuration or when designed to serve parallel parking.

(d) Surface Material and Drainage. All offstreet parking facilities, including access aisles, driveways, and maneuvering areas, shall be surfaced with a hard, dustless material. Such offstreet parking areas shall be suitably sloped and drained and shall be of strength sufficient to accommodate the traffic expected. All parking stalls shall be clearly marked on the paved surface. All offstreet parking shall be set back a minimum of thirty (30) feet from the front Site line and a minimum of twenty-five (25) feet from the side and rear Site lines and shall be screened from view as hereinafter provided. Each Site shall contain paved maneuvering areas sufficient to accommodate maneuvering motor vehicles expected to result from loading, unloading and service operations, giving a clear view from the cab of the vehicle. Driveways and maneuvering areas shall meet the same surface material, maintenance and drainage requirements as are herein imposed on offstreet parking areas. The edge of a driveway apron shall be no closer than fifty (50) feet from the nearest adjacent Site line unless adjacent Site Tenants utilize a common driveway.

Section 2. Loading and Unloading. All loading and unloading operations must be on Site and no onstreet loading and unloading shall be permitted. On Site loading and unloading space shall be provided sufficient to accommodate the expected traffic, and in any event shall conform to the minimum standards required by the Zoning Code of the City of Tallahassee and Leon County, Florida. Loading and unloading areas shall be located to the rear of any Building on the Site, provided the Committee may approve the placement of a loading area at the side of a Building if the same is appropriately screened from view. All truck loading aprons and other loading areas shall be paved with a dustfree,

all-weather surface, shall be suitably sloped and drained, and shall be of strength sufficient for the traffic expected. All loading areas shall have direct access to a street or public right-of-way and shall be so located that they may be used without interfering with the use of streets, parking areas or public right-of-way and shall be so located that they may be used without interfering with the use of streets, parking areas or public rights-of-way. Each loading area shall have at least the following minimum dimensions: Length twenty-five (25) feet, width twelve (12) feet, height fourteen (14) feet.

Section 3. All offstreet parking areas, driveway, access areas, maneuvering areas and loading areas shall be included in the plans submitted by the Tenant and shall be subject to the review and approval of the Committee. If future building expansion is contemplated, additional areas shall be appropriately reserved for such future parking, loading and unloading as is anticipated.

Section 4. Easements. The Authority reserves the right to cause the installation and maintenance of utilities, drainage and other facilities for the benefit of the Authority or its Tenants within the front and rear twenty-five (25) feet and within the fifteen (15) feet along each side of each site. The Authority further reserves the right to grant easements for the installation of utilities, drainage and other facilities for the benefit of the Authority or its Tenants through individual Sites, provided that in so doing the Authority does not cause any damage to existing Buildings or improvements or require a change in any construction plans which the Committee has previously approved. All easements given for the benefit of an individual Site shall be subject to the prior approval of the Committee. All easement areas located within a Site and all improvements in such easement areas shall be continuously maintained by the Tenant of such Site, except for those improvements for which a public authority or utility company is responsible.

ARTICLE IX.  
ARCHITECTURAL AND AESTHETIC STANDARDS.

Section 1. Landscaping. All Buildings and other improvements on any Site shall be placed so that the existing topography and vegetation is disturbed as little as possible and so that the maximum number of desirable trees and natural features is preserved. No tree may be removed or other natural feature altered except with the prior written approval of the Committee. Each Site on which a building is to be placed shall be landscaped in accordance with the plans and specifications submitted to and approved by the Committee. The approved landscaping shall be completed no later than the date upon which the Building is completed or occupied, whichever first occurs. A twenty-five (25) foot landscape strip shall be installed along the front, rear and side Site lines, exclusive of driveways. Within the twenty-five (25) foot landscape strip there shall be planted and maintained trees and other vegetation native, where practicable, to the area providing at least fifty percent (50%) visual opacity. All areas not covered by an impervious surface shall be landscaped, sodded or seeded. All offstreet parking, loading and unloading areas shall be screened from view from other Sites and from public roads, streets, and rights-of-way by the use of earth berms or other landscaping materials. All trees, plants, shrubs and other landscaping materials shall be of varieties that are adaptable to the local soil and climate conditions and shall blend with existing natural growth and be compatible with adjacent landscaped areas. Each Tenant shall maintain all landscaped areas on the Tenant's Site in good condition at all times.

Section 2. Exterior Construction. Finish building materials shall be applied to all sides of any Building which are visible to the general public or to neighboring Sites or Common Areas. Exterior colors shall be compatible with the colors of the natural surroundings and other adjacent Buildings. The approval or



disapproval of the exterior construction materials and colors shall be at the sole discretion of the Committee.

Section 3. Signs. Only identification signs indicating the name and business of the persons or entities occupying the Site shall be permitted. Advertising signs, billboards or other signs are expressly prohibited. Identification signs shall generally be placed on the outside wall or walls of the Building but shall not extend above the line of the roof meeting that wall. With the advance written approval of the Committee, signs may be placed in the front yard landscape strip if constructed and designed to be a part of the landscaping element. Otherwise, no sign in the front yard setback area shall be permitted. Painted signs, signs on the roofs of Buildings, and flashing or moving signs are prohibited. No signs shall be placed or externally illuminated in such a manner as to cast glare on neighboring Sites or in such a manner as to impede the safe movement of traffic. All signs shall be designed, erected, altered, moved and maintained in accordance with plans and specifications submitted to and approved by the Committee in writing.

Section 4. Outdoor Storage. No temporary Building, structure or other improvement shall be permitted on any Site except during the period of construction of the permanent Building and then only with the advance written approval of the Committee. No outside storage shall be permitted within the minimum Building setback areas nor shall any outside storage be permitted in the front yard of any Site. When outdoor storage would otherwise be visible from a public road, street, or right-of-way it must be screened from view by a wall of material similar to and compatible with that of the Building or Buildings on the Site. Garbage and refuse containers shall be concealed and contained within the Building or Buildings on a Site or shall be screened by a screening wall of the kind described above. Unless specifically approved by the Committee in writing, no materials, supplies or equipment shall be stored on any Site except in a closed Building

or behind a screening wall so that such storage areas are not visible from neighboring Sites, Common Areas or public roads, streets or rights-of-way. All proposals for outside or outdoor storage shall be subject to the advance written approval of the Committee.

Section 5. Maintenance. Each Tenant of INNOVATION PARK/TALLAHASSEE shall at all times keep its Site, Buildings and other improvements in a safe, clear, orderly and aesthetically pleasing condition, shall prevent rubbish, waste, trash or garbage of any character whatsoever from accumulating on the Site and shall comply in all respects with all governmental laws, orders, rules and regulations governing safety, health and welfare. The maintenance of individual Sites shall be at the expense of the Tenant to whom the Site has been leased. All landscaping and exterior portions of Buildings and other structures shall be maintained in order to present an attractive appearance. In the event of the Tenant's failure to properly discharge its responsibilities for maintenance, the Authority reserves the right to perform any necessary repairs and maintenance at the expense of the Tenant and the Authority shall have the right of access to the Sites for such purposes.

Section 6. Utilities Placement and Design. All electrical, utility and telephone lines serving the Sites shall be brought underground. Padmounted electrical transformers, heating and air-conditioning units, mechanical meters and storage tanks shall be located in such a manner as not to be visible from any public road, street or right-of-way or from Common Areas or other Sites. If concealment within the Building is not possible then such utility elements shall be concealed by screening. No transformer, electric, gas or other meter of any type or other apparatus shall be hung on the outside of any Building but the same may be placed on or below the surface and when thus placed at ground level shall be adequately screened from view. Perthouses and mechanical equipment screen walls shall be of a design and constructed of

materials similar to and compatible with those of the Building to which they pertain. The placement of power or other utility poles, except temporarily during construction, is expressly prohibited. All exterior lighting shall be designed, erected, altered, moved and maintained in accordance with plans and specifications submitted to and approved in writing by the Committee. It is the declared intention of the Authority that to the extent possible exterior lighting be compatible and harmonious throughout INNOVATION PARK/TALLAHASSEE. Antennae shall be visually masked or screened to the extent possible consistent with appropriate electromagnetic considerations and shall in any event be subject to the prior written approval of the Committee.

#### ARTICLE X.

##### DEVELOPMENT REVIEW COMMITTEE SUBMISSION AND APPROVAL OF PLANS AND CONSTRUCTION.

Section 1. Development Review Committee. There is hereby established a Development Review Committee for INNOVATION PARK/TALLAHASSEE which shall consist of five (5) members, one of whom shall be an architect licensed to practice in the State of Florida and one of whom shall be a representative of the Board of Trustees of the Internal Improvement Trust Fund. The Director of the Authority shall also be a member of the Committee. The members of the Committee shall be appointed by and serve at the pleasure of the Authority and any member may be removed at any time with or without cause by the Authority. One of the members of the Committee shall be elected its chairman. The vote of a majority of the members of the Committee at any meeting shall constitute the action of the Committee on any matter before it, provided, however, that in no event shall a vote of less than three (3) members, either affirmative or negative but not both, constitute acts of the Committee. The Committee shall adopt bylaws, subject to the approval of the Authority, governing the time, place and manner in which the business of the Committee will be conducted.

Section 2. Submission of Plans. No tenant shall commence the construction or alteration of any Building or other



improvement on any Site without the advance written approval of the Committee of the Site use plan and the final plan and specifications for such construction or alteration. The Committee may adopt forms for the submission of such plans. The Tenant's submission to the Committee shall include a Site use plan at a minimum scale of one inch equals twenty (20) feet showing:

(a) The location, size, setback dimensions and floor plans for all proposed Buildings, storage areas and anticipated future expansion areas;

(b) Driveways and curb cuts with an arrow indication of vehicular traffic patterns into and out of Site and to and from all loading berths and parking stalls;

(c) Layout of vehicle parking areas with stalls separately designated as for employees' cars, visitors' cars, Tenant trucks, delivery trucks, and the like. Parking areas for both initial and eventual development of the Site are to be indicated.

(d) The layout of all paved and other impervious surface areas showing the extent and type of paving or coverage and the drainage pattern for all such areas;

(e) All areas to be landscaped with a schematic description of the general type (trees, shrubs, grass, etc.) height and extent of all landscaping including screening, trees and vegetative buffers or barriers;

(f) All proposed outdoor storage areas, and outdoor utility and mechanical equipment, together with the proposals for screening the same from view;

(g) The location and identification of all utilities to serve the Site and any Building or other improvement on the Site, including gas, electricity, telephone, water and sewer;

(h) Building elevations and perspective of Building and Site, showing type of construction, materials and colors;

(i) The proposed location of any special appurtenances, including transformers, antennae, cooling towers, storage tanks, loading docks and the like, whether above or below ground;



(j) Such other information, including streets, Site lines and dimensions, location and description of screening walls, signs, exterior lights, irrigation systems, and such other features, conditions and information as the Committee may deem appropriate.

The Tenant's submission shall contain landscape development plans showing the names of all ground covers, plants, their dimensions, location, quantity, spacings, irrigation, facilities and other landscape construction details, together with specifications describing the work. It shall also include information with sufficient illustration to indicate the size, type of material, color, language and location of any and all identification signs. The Tenant shall submit five (5) copies of the Site use plan and shall secure the approval of the Committee prior to the submission of an application for Building permit. The Committee shall approve, disapprove, or approve with modifications or conditions the Site use plan within thirty (30) days of its submission. The Tenant shall also submit two (2) copies of the final plans and specifications to the Committee for its review and approval. The commencement of construction shall proceed only after approval of the Tenant's final plans and specifications, and issuance of the appropriate Building permit or permits by the County of Leon. The Authority may conduct inspections of the Site during the period of construction for the purpose of monitoring the same and determining compliance with the approved Site use plan and final plans and specifications. The Committee's failure either to approve, disapprove, or approve with modifications or conditions any Site use plan or final plans and specifications submitted by a Tenant within thirty (30) days of the date of submission shall constitute approval of said plans by the Committee. The Tenant shall commence construction within six (6) months from the date of the Committee's approval of the final plans and specifications, unless a later commencement construction date is approved by the Authority in writing and the Tenant shall

prosecute construction diligently to completion, subject only to strikes, war, acts of God, and other causes beyond the Tenant's control.

In all decisions regarding the acceptability of a Site use plan or of final plans and specifications, or of any element thereof, the determination of the Committee shall be final, conclusive and binding on all parties. Neither the Committee, the Authority, nor any member, employee, agent or representative thereof, shall be liable to any Tenant, to any party submitting plans for approval, nor to any other party by reason of any judgment, decision or determination arising out of or in connection with the approval, disapproval, or failure to act on any such plans and each Tenant does, by the acceptance of a lease of land within INNOVATION PARK/TALLAHASSEE subject to this Declaration, agree and covenant not to make any claim or demand or bring any action, for damages or otherwise, against the Committee, the Authority, or any member, employee, agent or representative thereof, for any act or omission in the course of the Committee's operations.

#### ARTICLE XI,

##### AMENDMENT AND SEVERABILITY


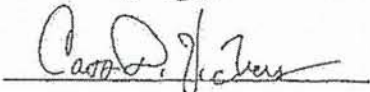
Section 1. Amendment. This Declaration may be amended by the Authority from time to time, with the written approval of the Board of Trustees of the Internal Improvement Trust Fund, upon the giving of advance notice and the holding of a public hearing in, the manner prescribed for acting upon variance applications, in Article III, Section 4 of this Declaration.

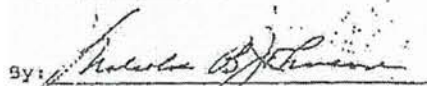
Section 2. Severability. The provisions of this Declaration shall be deemed severable. Should any provision of this Declaration be declared unconstitutional, invalid or unenforceable by a court of competent jurisdiction, the decision shall not affect the validity of this Declaration and the provisions hereof shall otherwise remain and continue in full force and effect.

IN WITNESS WHEREOF, the Leon County Research and Development Authority has caused this Declaration of Protective Covenants and Restrictions to be duly executed this 10th day of February, 1981.

Signed, sealed and delivered in the presence of:

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

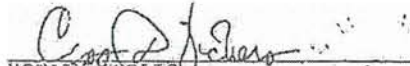
  


By:   
Chairman

STATE OF FLORIDA

COUNTY OF LEON

The foregoing instrument was acknowledged before me this 10th day of February, 1981, by Malcolm B. Johnson as Chairman of the LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY, a local governmental body, corporate and politic, on behalf of said corporation.

  
NOTARY PUBLIC

My commission expires:  
Notary Public, State of Florida at Large  
My Commission Expires Sept. 13, 1981  
Specified by American Fidelity & Guaranty Company

This instrument was prepared by  
CARY D. VILKINS  
1100 N. Krasner, Suite 100, West  
P.O. Box 1976  
Tallahassee, Florida 32302

EXHIBIT A

Begin at an old concrete monument marking the Southwest corner of the East half of the Northwest quarter of Section 3, Township 1 South, Range 1 West, Leon County, Florida, and run North 00 degrees 25 minutes 51 seconds West along the West boundary of the East half of the Northwest quarter of said Section 3 a distance of 662.86 feet to the Southerly right of way boundary of Roberts Avenue, thence run South 82 degrees 06 minutes 50 seconds East along said Southerly right of way boundary of Roberts Avenue 2431.02 feet to the Easterly boundary of a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 2172.37 feet, thence run North 88 degrees 41 minutes 49 seconds West 40.26 feet, thence run South 01 degrees 18 minutes 11 seconds West 44.00 feet, thence run South 88 degrees 41 minutes 49 seconds East 39.34 feet to said Easterly boundary of a powerline easement, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 172.26 feet, thence run North 86 degrees 27 minutes 46 seconds West along the Southerly boundary of said powerline easement and a projection thereof 1879.32 feet, thence run South 88 degrees 54 minutes 57 seconds West along said Southerly boundary of a powerline easement 2069.65 feet to a concrete monument on the West side of a ditch, thence run Northerly along the West side of said ditch as follows:  
North 15 degrees 45 minutes 28 seconds East 240.68 feet, thence North 10 degrees 56 minutes 35 seconds East 173.77 feet, thence North 01 degrees 10 minutes 11 seconds East 399.58 feet, thence North 00 degrees 56 minutes 36 seconds West 202.45 feet, thence North 27 degrees 41 minutes 18 seconds West 407.50 feet, thence North 10 degrees 13 minutes 03 seconds West 221.38 feet, thence North 01 degrees 29 minutes 20 seconds West 397.40 feet to a concrete monument, thence leaving said West bank of a ditch run North 89 degrees 59 minutes 41 seconds East 434.95 feet to an old terra cotta monument marking the Southwest corner of the Southwest quarter of the Northwest quarter of said Section 3, thence run North 89 degrees 59 minutes 41 seconds East along the South boundary of the Northwest quarter of said Section 3 a distance of 1319.87 feet to the Point of Beginning, containing 20.92 acres, more or less.  
The above described property being subject to a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida.



## **ADDENDUM K**

### **SECURITY SYSTEM AGREEMENT**

**LEASE NUMBER: 370:0201**

The operation, maintenance and repairs of the security system installed on the demised premises is the sole responsibility of the Lessee for the term of the lease agreement.

#### **LESSEE**

**State of Florida**

**Department of Environmental Protection**

By: *Rufus Noble*

**Rufus Noble, Director**

**Division of Administrative Services**

6/19/2007

**Date**

#### **LESSOR**

**Leon County**

**Research and Development Authority**

By: *Thomas A. Barron*

**Signature**

Thomas A. Barron

**Print/Type Name**

Chairman

**Print/Type Title**

6/15/07

**Date**

(SEAL)

**TAB 10**



STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES  
LEASE AGREEMENT

6/11.20  
(16) - Sales Act  
Lease No. : 420:0414

THIS LEASE AGREEMENT, entered into this 12<sup>TH</sup> day of JUNE, 2007, between  
Leon County Research and Development Authority party of the first part, hereinafter called the Lessor whose Federal Identification  
Number is 59-1931373, and the

State of Florida Department of Agriculture and Consumer Services  
Division of Marketing and Development

party of the second part, hereinafter called the Lessee,

WITNESSETH:

That the Lessor, for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by the  
Lessee, has demised and leased to the Lessee, for the term and under the conditions hereinafter set out, those certain premises in the

2051 East Paul Dirac Drive Tallahassee 32310 Leon  
(Name of Building) (City) (Zip Code) (County)

Florida, described as follows:

**West end of building located within a 3.3 acre tract known as Site 1E Innovation Park, located at  
2051 E. Paul Dirac Drive, Tallahassee**

which shall constitute an aggregate area of **6,126** square feet of net rentable space measured in accordance with the Department of  
Management Services' Standard Method of Space Measurement, and which comprises approximately **25 %** of the **24,900** net square feet  
in the building at the rate of **\$9.15** per square foot per year. The Lessor shall also provide adequate parking spaces for the non-exclusive  
use of the Lessee as part of this lease agreement.

I TERM

**TO HAVE AND TO HOLD** the above described premises for a term commencing on the **1<sup>st</sup> day of July, 2007** to and including  
the **30<sup>th</sup> day of June, 2022**.

II RENTALS

The Lessor hereby leases to the Lessee and the Lessee hereby leases from the Lessor the above described premises for the term  
set out in this lease and the Lessee agrees to pay the Lessor the sum of **Four Thousand Six Hundred Seventy-One Dollars and 08/100**  
**(\$4,671.08)** per month for the rental period described in Article I of this lease. The rent for any fractional part of the first month shall be  
prorated. The rent shall be payable the month following the month of occupancy in accordance with Section 215.422, Florida Statutes.  
The rentals shall be paid to the Lessor at:

Linda NicholSEN 1736 West Paul Dirac Drive Tallahassee, FL 32310  
(Address) (City) (Zip Code)

III HEATING, AIR CONDITIONING AND JANITORIAL SERVICES

1. a. The Lessor agrees to furnish to the Lessee heating and air conditioning equipment and maintain same in satisfactory  
operating condition at all times for the leased premises during the term of the lease at the expense of the Lessor.

b. The Lessor agrees to maintain thermostats in the demised premises to achieve an average zone temperature of 75 degrees  
Fahrenheit during the heating and cooling seasons and certifies that boilers herein have been calibrated to permit the most efficient  
operation.

2. The Lessor agrees to furnish janitorial services and all necessary janitorial supplies for the leased premises during the term of  
the lease. The Lessee shall be responsible for recycling trash disposal for the leased premises during the term of the lease at the expense  
of the Lessee.

3. All services required above shall be provided during the Lessee's normal working hours, which are normally from 7:30 a.m.  
to 5:30 p.m., Monday through Friday excluding state holidays.

IV LIGHT FIXTURES

1. a. The Lessor agrees to install in the demised premises light fixtures for the use of the Lessee.

b. The Lessor shall be responsible for replacement of all bulbs, lamps, tubes and starters used in such fixtures for the purpose  
of furnishing light.

2. The Lessor certifies that the lighting levels within the demised premises are maintained at and do not exceed the following  
levels: 10 foot-candles in halls and corridors; 30 foot-candles in other public areas; a minimum of 50 foot-candles in office, conference  
rooms, and other levels as set forth in the State Energy Management Plan, Volume II, Section F.



**V MAINTENANCE AND REPAIRS**

1. The Lessor shall provide for interior maintenance and repairs in accordance with generally accepted good practices, including repainting, the replacement of worn or damaged floor covering and repairs or replacement of interior equipment as may be necessary due to normal usage. The Lessee shall, during the term of this lease, keep the interior of the demised premises in as good a state of repair as it is at the time of the commencement of this lease, reasonable wear and tear and unavoidable casualties excepted.

2. The Lessor shall maintain and keep in repair the exterior of the demised premises during the term of this lease and shall be responsible for the replacement of all windows broken or damaged in the demised premises, except such breakage or damage caused to the exterior of the demised premises by the Lessee, its officers, agents or employees.

3. The Lessor shall maintain the interior and exterior of the demised premises including grounds and parking area so as to conform to all applicable health and safety laws, ordinances and codes which are presently in effect and which may subsequently be enacted during the term of this lease and any renewal periods.

4. The Lessor agrees to furnish pest control services for the leased premises during the term of the lease at the expense of the Lessor.

**VI UTILITIES**

That the Lessee will promptly pay all telecommunications, gas, water, sewer, solid waste, power and electric light rates or charges which may become payable during the term of this lease for the gas, water, sewer and electricity used and disposal of solid waste generated by the Lessee on the premises; and if the lease is for 5,000 square feet or greater, separately metered for all energy and fuels which may be consumed by Lessee, alone, Lessor will provide Lessee, in a form and manner agreed upon, timely and accurate data on Lessee's monthly consumption or use of electricity, natural gas, LP gas and/or fuel oil, as appropriate, pursuant to Section 255.257, Florida Statutes.

**VII ACCESSIBILITY STANDARDS AND ALTERATIONS**

1. The Lessor agrees that the demised premises now conform, or that, prior to Lessee's occupancy, said premises shall, at Lessor's expense, be brought into conformance with the requirements of the Florida Americans With Disabilities Accessibility Implementation Act, Section 553.501 - 553.513, Florida Statutes, and the current Florida Disability Code for Building Construction, providing requirements for persons with disabilities and with the requirement of Public Law 101-336, enacted July 26, 1990, effective January 26, 1992, Section 28 CFR Part 35 and Appendix to Section 36 CFR Part 1191, Known as the "Americans with Disabilities Act of 1990."

2. That the Lessee shall have the right to make any alterations in and to the demised premises during the term of this lease upon first having obtained the written consent thereto of the Lessor. The Lessor shall not capriciously withhold the consent to any such alterations.

**VIII INJURY OR DAMAGE TO PROPERTY ON PREMISES**

All property of any kind that may be on the premises during the continuance of this lease shall be at the sole risk of the Lessee, and except for any negligence of the Lessor, the Lessor shall not be liable to the Lessee for loss or damage to the property.

**IX FIRE AND OTHER HAZARDS**

1. In the event that the demised premises, or the major part thereof, are destroyed by fire, lightning, storm or other casualty, the Lessee shall forthwith repair the damage to such demised premises at its own cost and expense. The rental thereon shall cease until the completion of such repairs and the Lessor will immediately refund the pro rata part of any rentals paid in advance by the Lessee prior to such destruction; should the premises be only partly destroyed, so that the major part thereof is usable by the Lessee, then the rental shall abate to the extent that the injured or damaged part bears to the whole of such premises and such injury or damage shall be restored by the Lessor as speedily as is practicable and upon the completion of such repairs, the full rental shall commence and the lease shall then continue the balance of the term.

2. The Lessor shall provide for fire protection during the term of this lease in accordance with the fire safety standards of the State Fire Marshal. The Lessor shall be responsible for maintenance and repair of all fire protection equipment necessary to conform to the requirements of the State Fire Marshal. The Lessor agrees that the demised premises shall be available for inspection by the State Fire Marshal, prior to occupancy by the Lessee, and at any reasonable time thereafter.

3. The Lessor certifies that no asbestos was used in the construction of the demised premises or that if asbestos was used, actions have been completed to correct the hazards caused by the use of asbestos.

4. The Lessor certifies that if any radon is present, it is at a measurement level less than 4 PCI/L.

**X EXPIRATION OF TERM**

At the expiration of the term, the Lessee will peaceably yield up to the Lessor the demised premises in good and tenantable repair. It is understood and agreed between the parties that the Lessee shall have the right to remove from the premises all personal property of the Lessee and all fixtures, machinery, equipment, appurtenances and appliances placed or installed on the premises by it, provided the Lessee restores the premises to as good a state of repair as they were prior to the removal.

**XI SUBLETTING AND ASSIGNMENT**

The Lessee upon obtaining written consent of the Lessor, which written consent shall not capriciously be withheld, shall have the right to sublet all or any part of the demised premises or to assign all or any part of the demised premises.

**XII NOT CONSENT TO SUE**

The provisions, terms or conditions of this lease shall not be construed as a consent of the State of Florida to be sued because of said lease hold.

**XIII WAIVER OF DEFAULTS**

The waiver by the Lessee of any breach of this lease by the Lessor shall not be construed as a waiver of any subsequent breach of any duty or covenant imposed by this lease.



**XIV RIGHT OF LESSOR TO INSPECT**

The Lessor, at all reasonable times, may enter into and upon the demised premises for the purpose of viewing the same and for the purpose of making any such repairs as they are required to make under the terms of this lease.

**XV BREACH OF COVENANT**

These presents are upon this condition, that, except as provided in this lease, if the Lessee shall neglect or fail to perform or observe any covenant herein contained, which on the Lessee's part is to be performed, and such default shall continue for a period of thirty (30) days after receipt of written notice thereof from the Lessor to the Lessee, then the Lessor lawfully may, immediately, or at any time thereafter, and without further notice or demand, enter into and upon the demised premises, or any part thereof, and repossess the same as of their former estate and expel the Lessee and remove its effects forcefully, if necessary, without being taken or deemed to be guilty of any manner of trespass and thereupon this demise shall terminate but without prejudice to any remedy which might otherwise be used by the Lessor for arrears of rent or for any breach of the Lessee's covenants herein contained.

**XVI ACKNOWLEDGMENT OF ASSIGNMENT**

That the Lessee upon the request of the Lessor shall execute such acknowledgment or acknowledgments, or any assignment, or assignments, of rentals and profits made by the Lessor to any third person, firm or corporation, provided that the Lessor will not make such request unless required to do so by the Mortgagee under a mortgage, or mortgages executed by the Lessor.

**XVII TAXES AND INSURANCE**

1. Lessor shall pay all real estate taxes and fire insurance premiums on the demised premises. Lessor shall not be liable to carry fire insurance on the person or property of the Lessee or any other person or property which may now or hereafter be placed in the demised premises.

**XVIII AVAILABILITY OF FUNDS**

The State of Florida's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Legislature. F.S. 255.2502.

**XIX USE OF PREMISES**

The Lessee will not make or suffer any unlawful, improper or offensive use of the premises or any use or occupancy thereof contrary to the laws of the State of Florida or to such Ordinances of the City and/or County in which the demised premises are located, now or hereinafter made, as may be applicable to the Lessee.

**XX RENEWAL**

The Lessee is hereby granted the option to renew this lease for an additional one (1) -five (5) years upon the same terms and conditions or as specified on attached addendum. If the Lessee desires to renew this lease under the provisions of this Article, it shall give the Lessor written notice thereof not more than six months nor less than three months prior to the expiration of the term provided in Article I of this Lease or any applicable renewal period.

**XXI RIGHT TO TERMINATE**

The Lessee shall have the right to terminate, without penalty, this lease in the event a State owned building becomes available to the Lessee for occupancy during the term of said lease for the purposes for which this space is being leased in the County of Leon, Florida, upon giving six (6) months advance written notice to the Lessor by Certified Mail, Return Receipt Requested.

**XXII NOTICES AND INVOICES**

All notices required to be served upon the Lessor shall be served by Registered or Certified Mail, Return Receipt Requested, at:

<u>1736 West Paul Dirac Drive</u>	<u>Tallahassee, FL</u>	<u>32310</u>
(Street)	(City)	(Zip Code)

and all notices required to be served upon the Lessee shall be served by Registered or Certified Mail, Return Receipt Requested, at the address of the Lessee at:

<u>407 South Calhoun Street, M-12</u>	<u>Tallahassee, FL</u>	<u>32399-0800</u>
(Street)	(City)	(Zip Code)

Invoices, in triplicate, shall be submitted monthly to:

<u>Bureau of Seafood &amp; Aquaculture</u>	<u>2051 East Paul Dirac Drive</u>	<u>Tallahassee, FL</u>	<u>32310</u>
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**XXIII DEFINITION OF TERMS**

(a) The terms "lease," "lease agreement," or "agreement" shall be inclusive of each other and shall also include any renewals, extensions or modifications of this lease.

(b) The terms "Lessor" and "Lessee" shall include the successors and assigns for the parties hereto.

(c) The singular shall include the plural and the plural shall include the singular whenever the context so requires or permits.

**XXIV UNDERLYING LEASE**

Lessee acknowledges and agrees that this Agreement is a sublease, and Lessee accepts this Agreement subject to all the terms and conditions of, that certain lease agreement dated January 20, 1980, by and between the State of Florida, Board of Trustees of the Internal Improvement Trust Fund, and Lessor (the Underlying Lease), a copy of which is attached hereto as Addendum 7 and by reference incorporated herein, and subject to zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of the demised premises. In the event of the termination of the Underlying Lease, Lessee will upon demand of the successor to Lessor, deal with such successor in the same manner as if such successor were the original Lessor hereunder.

**XXIV ADDITIONAL TERMS**

☒ All additional covenants or conditions appear on attached Addendum(s) 1, 2, 3, 4, 5, 6, 7, 8, 9.

☐ No additional covenants or conditions form a part of this lease.



IN WITNESS WHEREOF, the parties hereto have hereunto executed this instrument for the purpose herein expressed, the day and year above written.

ANY LEASE AGREEMENT SHALL NOT BECOME LEGALLY EFFECTIVE UNTIL APPROVED/ACCEPTED BY THE DEPARTMENT OF MANAGEMENT SERVICES.

### ORIGINAL SIGNATURES REQUESTED ON ALL COPIES

Signed, sealed and delivered in the presence of: _____ Witness Signature _____ Print or Type Name of Witness _____ Witness Signature _____ Print or Type Name of Witness _____ <b>AS TO LESSOR</b>	LESSOR, IF INDIVIDUAL (S): _____ (SEAL) _____ Print or Type Name _____ (SEAL) _____ Print or Type Name	
Signed, sealed and delivered in the presence of: <i>Linda Nicholson / Linda Nicholson</i> Witness Signature <i>Sylvia W. White</i> Print or Type Name of Witness <i>Sylvia W. White</i> Witness Signature _____ Print or Type Name of Witness _____ <b>As to President, General Partner, Trustee</b>	Name of Corporation, Partnership, Trust, etc.: <b>LEON COUNTY RESEARCH &amp; DEVELOPMENT AUTHORITY</b> By: <i>Thomas A. Barron</i> (SEAL) <b>THOMAS A. BARRON, CHAIRMAN</b> ATTEST: <i>Janne</i> (SEAL) <b>Its Secretary</b>	
Signed, sealed and delivered in the presence of: <i>James A. Sparzo</i> Witness Signature <b>JAMES A. SPARZO</b> Print or Type Name of Witness <i>Christa A. Register</i> Witness Signature <b>Christa A. Register</b> Print or Type Name of Witness _____ <b>AS TO LESSEE</b>	LESSEE: <b>STATE OF FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</b> By: <i>Mike Gresham</i> <b>MIKE GRESHAM</b> Print or Type Name <b>DIRECTOR OF ADMINISTRATION</b> Print or Type Title	
APPROVED AS TO CONDITIONS AND NEED THEREFOR DEPARTMENT OF MANAGEMENT SERVICES <i>Dean N. Bzoo</i> General Services Manager, Bureau of Real Property Management Director Division of Facilities Management APPROVAL DATE: <i>6-19-07</i>	APPROVED AS TO FORM AND LEGALITY, SUBJECT ONLY TO FULL AND PROPER EXECUTION BY THE PARTIES GENERAL COUNSEL DEPARTMENT OF MANAGEMENT SERVICES By: <i>Mambs</i> Print or Type Name APPROVAL DATE: <i>6/14/07</i>	APPROVED AS TO FORM AND LEGALITY, SUBJECT ONLY TO FULL AND PROPER EXECUTION BY THE PARTIES GENERAL COUNSEL DEPARTMENT OF By: <i>Shirley</i> Print or Type Name APPROVAL DATE: <i>6/12/07</i>



STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES

PUBLIC ENTITY CRIME STATEMENT

REQUIRED ADDENDUM 1

LEASE NUMBER: 420:0414

**Public Entity Crime Statement:** Section 287.133, Florida Statutes, places the following restrictions on the ability of persons convicted of public entity crimes to transact business with the department:

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

  
Lessor's Signature

6/8/07  
Date



STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES

DISCRIMINATION

REQUIRED ADDENDUM 2

LEASE NUMBER: 420:0414

An entity who has been placed on the Discriminatory Vendor List may not submit a bid or proposal to provide goods or services to a public entity, may not submit a bid or proposal with a public entity for the construction or repair of a public building or public work, may not submit bids or proposals on leases of real property to a public entity, may not perform work as a contractor, supplier subcontractor or consultant under contract with any public entity and may not transact business with any public entity.

A handwritten signature in dark ink, appearing to read "Mike Gahan", written over a horizontal line.

Lessee

A handwritten signature in dark ink, appearing to read "Klaus A. Berman", written over a horizontal line.

Lessor

A handwritten date "June 11, 2007" written over a horizontal line.

Date

A handwritten date "6/8/07" written over a horizontal line.

Date





CHARLES H. BRONSON  
COMMISSIONER

Florida Department of Agriculture and Consumer Services  
Division of Administration

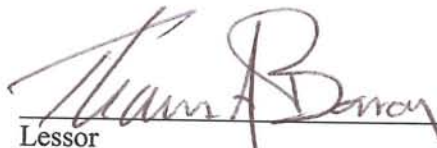
**COMPLIANCE WITH FLORIDA'S FIRE SAFETY STANDARDS**

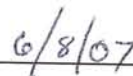
**ADDENDUM 3**

**LEASE NUMBER: 420:0414**

To assure the tenant of facility compliance with Florida's Fire Safety Standards, **Leon County Research and Development Authority** agrees to provide tenant with a written inspection report beginning **July 1, 2008** and every year thereafter for the basic lease term and any subsequent renewal or extension period. The fire safety inspection is to be conducted by local fire officials or a Certified Fire Inspector. Failure by **Leon County Research and Development Authority** to provide an annual inspection report shall be considered breach of the Lease Agreement.

Lessor agrees to correct any facility deficiency or violation named on the report within 30 days that are not the result of tenant unauthorized improvements or change of use.

  
Lessor

  
Date



**STATE OF FLORIDA  
DEPARTMENT OF MANAGEMENT SERVICES**

**JANITORIAL SERVICES**

**ADDENDUM 4**

**LEASE NUMBER: 420:0414**

The lessor agrees to furnish janitorial and cleaning services as part of this lease agreement. This includes furnishing all cleaning/maintenance equipment and cleaning supplies as required, including but not limited to, drinking cups at water fountains, bathroom tissues, paper towels, trash receptacle liners, hand soap (preferably liquid) and doormats at entrances to the facility. All supplies are to be of good quality acceptable in the janitorial profession and of satisfactory quality suitable to the needs of personnel.

Cleaning of the facility shall be accomplished in accord with the following schedule:

<b>FLOORS</b>	
<b>DAILY:</b>	Carpeted Areas – Vacuum Non-carpeted Areas – Dust mop Remove gum and other materials. Spot damp mop and to remove stains or spots.
<b>WEEKLY:</b>	Non-Carpeted Areas – Damp mop and spray buff.
<b>SEMI-ANNUALLY:</b>	Machine clean carpets in hallways. Other areas to be cleaned if their condition so dictates.
	Strip, reseal and wax all normally waxed floors.
<b>ANNUALLY:</b>	Machine clean all carpets throughout the facility.
<b>WALLS, CEILINGS, INTERIOR DOORS, LEDGES, ETC.</b>	
<b>WEEKLY:</b>	Spot Clean Clean light switch plates and surrounding wall areas. Dust windowsills, ledges, fixtures, etc.
<b>MONTHLY:</b>	Dust or vacuum HVAC registers.
<b>ANNUALLY:</b>	Clean all light fixture diffuses and dust light bulbs.
<b>WINDOWS AND GLASS</b>	
<b>DAILY:</b>	Spot clean entrances and vicinity glass both in and outside. Spot clean directory and internal glass or windows.
<b>SEMI-ANNUALLY:</b>	Clean inside of external windows.
<b>WATER FOUNTAINS</b>	
<b>DAILY:</b>	Clean and sanitize. Replenish supply of disposable cups (if applicable).

<b>FURNISHINGS</b>	
<b>AS NEEDED, BUT AT LEAST WEEKLY:</b>	Dust tables, chairs, desks, credenzas, file cabinets, bookcases, etc. Do not disturb any papers lying on desks or cabinets Dust and clean all ornamental wall decorations, picture, charts, chalkboards, etc. Dust draperies, venetian blinds, or curtains.
<b>SEMI-ANNUALLY:</b>	Vacuum all drapes, venetian blinds, or curtains.
<b>TRASH AND REFUSE</b>	
<b>DAILY:</b>	Empty and clean all trash receptacles. Receptacle liners are to be used. Change as necessary. Remove all collected trash to external dumpsters or trash containers. In conference rooms, reception areas, etc., remove accumulated trash, i.e. paper cups, soda cans, etc.
<b>CIGARETTE URNS AND ASHTRAYS</b>	
<b>DAILY:</b>	Empty and clean all cigarette urns. Empty and damp wipe all ashtrays.
<b>ELEVATORS – (If Applicable)</b>	
<b>DAILY:</b>	If carpeted, vacuum. If not carpeted, dust mop, remove gum and other materials, spot damp mop to remove stains or spots. Clean hardware and control panels.
<b>WEEKLY:</b>	Vacuum door tracks. Damp mop floors and spray buff if not carpeted.
<b>STAIRWELLS (If Applicable)</b>	
<b>DAILY:</b>	Remove accumulated trash. Spot sweep as required.
<b>WEEKLY:</b>	Sweep. Dust mop to remove stains. Dust handrails, ledges, etc. Spot clean walls and doors.
<b>RESTROOMS</b>	
<b>DAILY:</b>	Maintain in a clean and sanitary condition: floors, walls, doors, stalls, partitions, shelves, sinks, commodes, urinals, bath facilities, soap and towel dispensers Clean and polish mirrors. Empty and sanitize trash and sanitary napkin receptacles. Replenish supplies of tissue, towels, and soap. Check and replace, as necessary, deodorizer bars/room air freshener units.
<b>MONTHLY:</b>	Clean ceramic tile surfaces with a strong cleaner or bleach so that tile and grout have a uniform color.
<b>LOUNGE AND KITCHEN AREAS (If Applicable)</b>	
<b>DAILY:</b>	Clean and sanitize sinks and counter areas.
<b>EXTERIOR</b>	
<b>DAILY:</b>	Sweep outside area immediately adjacent to building entrances. Keep parking lot and surrounding grass areas free of trash.
<b>WEEKLY:</b>	Sweep all exterior access areas, i.e. sidewalks, porches, verandas, etc.



## MAINTENANCE SERVICES

In reference to Articles III and V of the lease agreement:

1. Filters for HVAC shall be changed every 90 days at a minimum and more often as conditions warrant.
2. All painted surfaces in the facility shall be freshly painted at the commencement of this lease, and at the tenth anniversary of the lease. Touch up painting to be done as needed.
3. Perform such other services as are necessary to keep the facility clean and in a sanitary condition.

In providing any or all of the before mentioned services:

1. Janitorial staff are to only use necessary lighting in the areas in which they are actually working and turn off unnecessary lighting. Air conditioning equipment is not to be turned on for the exclusive use of the janitorial staff.
2. Only actual employees of the janitorial contractor are to be admitted to the premises.
3. During after hours cleaning, all outside doors are to be locked and janitorial staff are not to provide access into the facility to anyone.
4. Janitorial staff are to check exterior doors and windows to ensure the facility is secure at the time of leaving the facility.

  
\_\_\_\_\_  
Lessee Signature

  
\_\_\_\_\_  
Lessor Signature

(SEAL)





CHARLES H. BRONSON  
COMMISSIONER

Florida Department of Agriculture and Consumer Services  
Division of Administration

**RENEWAL AGREEMENT**

**ADDENDUM 5**

**LEASE NUMBER: 420:0414**

If the Lessee exercises an option to renew the lease in accordance with Section XX, the rental rate will be negotiated between the Lessor and Lessee for the term of the option.

  
Lessor

6/8/07  
Date



CHARLES H. BRONSON  
COMMISSIONER

Florida Department of Agriculture and Consumer Services  
Division of Administration

**TENANT IMPROVEMENTS AGREEMENT**

**ADDENDUM 6**

**LEASE NUMBER: 420:0414**

As a condition precedent to Lessee's obligation to continue to occupy and pay rent, the Lessor agrees to make the following improvements to the facility located on the leased premises within one year of the commencement date:

- Paint all interior hallways
- Paint interior offices
- Paint exterior of building
- Replace hallway carpets

The Lessor also agrees to replace all original air conditioning units, the corresponding air handlers and the landscaping bordering each original air conditioning unit by June 30, 2010.

  
Lessor

6/8/07  
Date

ADDENDUM 7

LEASE NUMBER: 420:0414

Lease No. 3131

LEASE AGREEMENT

OR1031PG1936

THIS AGREEMENT made and entered into this 28<sup>th</sup> day of January, 1980, by and between the State of Florida Board of Trustees of the Internal Improvement Trust Fund (hereinafter referred to as the Board), and the Leon County Research and Development Authority (hereinafter referred to as the Authority).

W I T N E S S E T H:

WHEREAS, by Chapter 78-402, Laws of Florida, (codified as Chapter 23, Part VII, Florida Statutes) the Legislature has provided for the development of a research and development authority, and has declared that the same will serve the public purposes of developing new knowledge, advancing technology and enhancing economic growth within the State of Florida; and

WHEREAS, by virtue of Florida Statutes §159.74(10) (1979), the Authority is empowered to lease, without consideration, lands owned, administered, managed, controlled, supervised or otherwise protected by the State or its agencies, departments, boards or commissions; and

WHEREAS, the Authority came into existence pursuant to law and has requested a lease of certain State lands hereinafter described for use as a research and development park, and the Board is authorized to enter such lease and has agreed to do so;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the parties do hereby agree as follows:

1. Property and Term. The Board hereby leases to the Authority the lands described in Exhibit A attached hereto and made a part hereof, lying and situate in Leon County, Florida (hereinafter referred to as the Park Lands), to have and to hold for a period of Ninety-Four (94) years from the date hereof. The Board does not warrant or guarantee title, right or interest in the hereinabove described property.

This instrument was prepared by  
CASS D. VICKERS  
Messer, Rhodes, Vickers  
P. O. Box 1876  
Tallahassee, Florida 32302

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RECORDS OF LEON CO. FLA.  
JUN 10 4 54 PM 1982  
PAUL F. HARTFIELD  
CLERK OF CIRCUIT COURT

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2. Use and Control of Park Lands. The Park Lands shall be used for research, design, development, light manufacturing and assembly, educational, and related purposes in furtherance of the essential public purposes declared by the enabling legislation. Subject to applicable governmental laws and ordinances, and the further conditions herein set forth, the Authority shall have full and sole control of and responsibility for the development, subleasing, management, and use of the Park Lands and for the negotiation, consummation and enforcement of all contracts and agreements relating thereto. The Authority shall send a copy of each executed sublease to the Board which sublease shall fully comply with the terms of this Agreement. The Authority shall protect the Park Lands against environmental influences inconsistent with the character of the property as a research and development park.

3. Concept of Development. The Authority shall not sublease any portion of the Park Lands until it has formulated a concept of development therefor and the concept of development has been approved by the Board. The concept shall contain a statement of the intended pattern of development and leasing within the Park Lands and shall specify the quantity of land, by acreage, to be preserved in its natural state. The Authority shall prepare and submit the concept of development to the Board within eighteen (18) months from the date of this Lease Agreement and the Board shall approve or disapprove the same within sixty (60) days thereafter. If the Board fails to take action approving or disapproving the concept of development within sixty (60) days of its submission, the concept of development shall be deemed approved by the Board. If no concept of development has been approved within two (2) years of the date of this Lease Agreement, this Lease may be terminated at the Board's option, upon written notification to the Authority.



4. Master Sublease Subject to Board Approval.

(a) A Master Sublease shall be prepared by the Authority and submitted to the Board as a part of the concept of development. It shall contain bonding provisions for payment in full by the sublessee of all ad valorem taxes, mechanic's or materialmen's liens, and any other liens which may attach to the Park Lands.

(b) The Master Sublease shall contain provisions for insurance coverage whereby the sublessee indemnifies the Board and the State of Florida in amounts determined by the Board for injuries suffered against the Board and the State of Florida resulting from any and all claims, judgments, or damages caused by, arising out of or resulting from the use of the Park Lands by the sublessee or any of sublessee's agents, servants, employ guests or invitees.

(c) The amount and type of insurance required pursuant to paragraph 4(b) shall be reviewed by the Board and subject to adjustment at the Board's discretion every five (5) years. In the event that the limitations on the amount of recovery from the State pursuant to Florida Statutes, §768.28, are amended or changed, the amounts and types of insurance established herein shall be adjusted to provide indemnification equal to or greater than the revised types and amounts contained in Florida Statute §768.28.

5. Termination/Expiration of Lease.

(a) If no portion of the Park Lands has been leased to a tenant within eight (8) years from the date of approval of the concept of development pursuant to paragraph 3 above, this Lease may be terminated at the Board's option, upon written notice to the Authority. Unless expressly waived by the Board, the requirement herein for leasing to a tenant shall include the completed construction of such tenant's improvements upon the Park Lands and commencement of the tenant's business or operation.

from such location. At the expiration of this Lease Agreement, title to any and all improvements upon the Park Lands shall vest in the Board.

(b) If the Board gives written notice to the Authority that the Authority and/or any of its sublessees are in violation of any provisions or conditions set forth in this Lease Agreement or any sublease agreement, the Authority shall have six (6) months after receipt of said notice within which to correct the violation(s). The notice shall specify the provisions or conditions which are being violated and what action is required to bring the Authority and/or its subtenants into compliance with the Lease Agreement or sublease(s). In the event the Authority fails to cause such violation(s) to be corrected within the allotted time, the Board may cancel this Lease Agreement and any subleases of any subtenant(s) who are also in violation hereof; provided however that if the Authority has diligently and in good faith used its best efforts to cure the violations within the allotted six-month period but has, through no fault of its own, been unable to have them cured within that time, the Board shall give the Authority a reasonable amount of additional time within which to cause the violation(s) to be corrected. Without limitation, the Board may also seek appropriate injunctive relief against the Authority and/or any sublessee to compel compliance with this Lease Agreement. In the event of a termination pursuant to the provisions of this paragraph 5(b), the Board or its designee shall be substituted for the Authority as lessor of the subleases under the same terms and conditions as the original subleases, provided that the sublessee is not in default under the terms of its sublease.

(c) Should the Authority be disestablished by an act of the Legislature or for any other reason or should the Authority become or be declared insolvent, then in either such event, and upon written notice to the Authority or its repre-

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sentative and all sublessees, the Authority shall cease and no longer be the lessor of the subleases theretofore entered into and the Board or its designee shall be substituted for the Authority as lessor of the subleases, provided that the sublessee is not in default under the terms of its sublease.

6. Board Inspections. The Board or its duly authorized agents shall have the right at any time to inspect the Park Lands and the works and operations thereon of the Authority in any matter pertaining to this Agreement, provided such inspection(s) shall not unreasonably interfere with the operations and activities of the Authority's tenants thereon.

7. Coordination with Division of Archives, History and Records Management. Execution of this Agreement in no way affects the Authority's obligations pursuant to Chapter 267, Florida Statutes.

8. Parties Bound. The covenants and agreements herein contained shall bind and inure to the benefit of the parties and their respective heirs, successors, administrators and assigns.

9. Fee Unencumbered; No Pledge of Credit of State. Under no circumstances will the fee title to the Park Lands be encumbered other than by leasehold interest and encumbrances thereon. No act taken pursuant to or in furtherance of this Agreement shall be, or be construed to be a pledge of credit of the State of Florida or any agency thereof.

10. Subleases and Assignments. It is expressly understood and agreed that any and all assignees and sublessees shall be subject to and bound by all of the applicable terms, covenants and conditions contained in this Agreement and this Agreement shall be made a part of and incorporated in all subleases.



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11. Condemnation. In the event any authority with eminent domain powers seeks to condemn any portion of the Park Lands, then any award made by the court shall be made to the Board, the Authority, and its sublessees as their respective interests may appear, and the parties agree that no settlement may be reached with the condemning authority without the written approval of all such parties.

IN TESTIMONY WHEREOF, the parties hereto have executed this Agreement in Tallahassee, Florida, on this the 28<sup>th</sup> day of January, 1980.

(SEAL)

BOARD OF TRUSTEES OF THE  
INTERNAL IMPROVEMENT TRUST  
FUND OF THE STATE OF FLORIDA

WITNESSES:

Catherine L. Daniels  
Nancy J. Harrison

BOARD OF TRUSTEES OF THE  
INTERNAL IMPROVEMENT TRUST  
FUND OF THE STATE OF FLORIDA

By [Signature]  
Executive Director  
Department of Natural Resources  
Agent for the Board of Trustees  
of the Internal Improvement Trust  
Fund authorized to execute this  
instrument for and on its behalf  
pursuant to Section 253.431,  
Florida Statutes, and resolution  
recorded in its minutes of  
November 4, 1975.

LEON COUNTY RESEARCH AND  
DEVELOPMENT AUTHORITY

By [Signature]  
Malcolm Johnson, Chairman



OR1031PG1942

## EXHIBIT A

Begin at an old concrete monument marking the Southwest corner of the East half of the Northwest quarter of Section 3, Township 1 South, Range 1 West, Leon County, Florida, and run North 00 degrees 25 minutes 51 seconds West along the West boundary of the East half of the Northwest quarter of said Section 3 a distance of 662.86 feet to the Southerly right of way boundary of Roberts Avenue, thence run South 82 degrees 06 minutes 50 seconds East along said Southerly right of way boundary of Roberts Avenue 2431.02 feet to the Easterly boundary of a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 2172.37 feet, thence run North 88 degrees 41 minutes 49 seconds West 40.26 feet, thence run South 01 degrees 18 minutes 11 seconds West 44.00 feet, thence run South 88 degrees 41 minutes 49 seconds East 39.84 feet to said Easterly boundary of a powerline easement, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 172.26 feet, thence run North 86 degrees 27 minutes 46 seconds West along the Southerly boundary of said powerline easement and a projection thereof 1879.32 feet, thence run South 88 degrees 54 minutes 57 seconds West along said Southerly boundary of a powerline easement 2069.65 feet to a concrete monument on the West side of a ditch, thence run Northerly along the West side of said ditch as follows:

North 15 degrees 45 minutes 28 seconds East 240.68 feet, thence North 10 degrees 56 minutes 35 seconds East 173.77 feet, thence North 01 degrees 10 minutes 11 seconds East 399.58 feet, thence North 00 degrees 56 minutes 36 seconds West 203.45 feet, thence North 27 degrees 41 minutes 18 seconds West 407.50 feet, thence North 10 degrees 13 minutes 03 seconds West 221.38 feet, thence North 01 degrees 29 minutes 20 seconds West 397.40 feet to a concrete monument, thence leaving said West bank of a ditch run North 89 degrees 59 minutes 41 seconds East 434.95 feet to an old terra cotta monument marking the Southwest corner of the Southwest quarter of the Northwest quarter of said Section 3, thence run North 89 degrees 59 minutes 41 seconds East along the South boundary of the Northwest quarter of said Section 3 a distance of 1319.87 feet to the Point of Beginning, containing 207.92 acres, more or less.

The above described property being subject to a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida.

## ADDENDUM 8

LEASE NUMBER: 420:0414

REC 984 PAGE 2269

### INNOVATION PARK/TALLAHASSEE DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS

STATE OF FLORIDA

COUNTY OF LEON

KNOW ALL PERSONS BY THESE PRESENTS, that this Declaration of Protective Covenants and Restrictions/is made this 10th day of February, 1981, by the LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY, a local government body, corporate and politic, herein-after referred to as the "Authority".

#### STATEMENT OF PURPOSE

The Authority is a local governmental body created and existing pursuant to Florida Statutes, §159.701 et seq., which has acquired by long term lease from the State of Florida certain lands, hereinafter described, for development as a research and development park known as INNOVATION PARK/TALLAHASSEE. The Authority desires to provide for the development and use of the lands comprising INNOVATION PARK/TALLAHASSEE as a research and development park with common environmental concerns and to impose and enforce covenants and restrictions thereon which will permit the use of lands therein for research, development and other authorized purposes and which will assure the development, use and maintenance of the lands in a natural park-like setting.

NOW, THEREFORE, the Authority declares that the real property described in Exhibit "A" attached hereto and by reference incorporated herein, together with such additional land as the Authority may hereafter submit to this Declaration, is and shall be held, leased and occupied subject to the covenants, restrictions, easements, conditions and charges hereinafter set forth.

#### ARTICLE I. PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The real property which is and shall be held, leased and occupied subject to this Declaration is located in Leon County, Florida, comprises 200 acres, more or

This instrument was prepared by  
CASS D. VICKERS  
Messer, Rhodes, Vickers & Hart  
P. O. Box 1876  
Tallahassee, Florida 32302

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RECORDS OF LEON CO. FLA.  
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AT THE TIME & DATE NOTED  
PAUL F. HARTFIELD  
CLERK OF CIRCUIT COURT

less, and is more particularly described in Exhibit "A" attached hereto and by reference incorporated herein.

Section 2. The Authority reserves the right to subject any additional properties which it may acquire, or which may otherwise come under its control, as a part of INNOVATION PARK/TALLAHASSEE to this Declaration by recordation of appropriate instruments among the public records of Leon County, Florida.

ARTICLE XI.  
DEFINITIONS.

The following words and phrases when used in this Declaration or any supplemental declaration shall, unless the context otherwise requires, have the following meanings:

- (a) "Authority" shall mean and refer to the Leon County Research and Development Authority.
- (b) "Building" shall include, but not be limited to both the main portion of the building and all projections and extensions thereof, including but not limited to platforms, docks, eaves, canopies, walls and screens.
- (c) "Committee" shall mean and refer to the Development Review Committee hereinafter established.
- (d) "Common Areas" shall mean and refer to those areas of land within INNOVATION PARK/TALLAHASSEE designated by the Authority for the common use and enjoyment of the Authority and the Tenants.
- (e) "Improvements" shall include, but not be limited to, all structures, construction and installation of any kind, whether above or below the land surface, including, but not limited to, buildings, outbuildings, water lines, sewers, electrical and gas distribution facilities, telephone lines, loading areas, ramps, docks, parking areas, walkways, walls, towers, antennae, screens, entrance ways, gates and signs.
- (f) "Site" shall mean a parcel of land within INNOVATION PARK/TALLAHASSEE under lease from the Authority to a Tenant or



designated by the Authority as available or to become available for lease to a Tenant.

(g) "Tenant" shall mean and refer to a party to whom one or more Sites has been leased by the Authority pursuant to a duly executed written lease agreement, or to whom space within a building within INNOVATION PARK/TALLAHASSEE has been leased pursuant to a duly executed lease agreement signed or approved by the Authority in writing.

ARTICLE III.  
GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Authority, the Tenants or any of them, and their respective personal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time the covenants and restrictions herein shall automatically be extended for successive periods of twenty-five (25) years unless an instrument signed by the Authority or its successor in interest has been duly recorded agreeing to change or terminate the covenants and restrictions herein in whole or in part. The Authority reserves and shall have the sole right to amend this Declaration for the purpose of curing any ambiguity in or inconsistency between the provisions contained herein. No Tenant may, without the prior written approval of the Authority, impose any additional covenants or restrictions on any part of the lands within INNOVATION PARK/TALLAHASSEE.

Section 2. Notices. Any notice required to be sent to the Authority under the provisions of this Declaration shall be personally delivered or deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, addressed to the Authority at such post office address as it may advise the Tenants of from time to time.



Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or entity violating or attempting to violate any covenant or restriction, or to restrain such violation, or to recover damages, and the failure by the Authority or any Tenant to enforce any covenant or restriction contained herein shall in no event be deemed a waiver of the right to do so thereafter. In the event of litigation brought by the Authority or tenants of INNOVATION PARK/TALLAHASSEE for the enforcement of this Declaration or any provision contained herein, the prevailing party shall be entitled to recover its Court costs and reasonable attorney's fees from the losing party.

ARTICLE IV,  
VARIANCES

Any Tenant desiring to make a use of his Site, or any portion thereof, other than in strict accordance with the covenants and restrictions set forth in this Declaration may apply to the Authority for a variance. The application shall be filed in advance of any such variant use on forms to be prescribed by the Authority for that purpose. The application shall be submitted to the Development Review Committee for review and recommendation. A public hearing shall be held upon the application by the Committee after at least fifteen (15) days advance notice of the hearing has been given in the following manner. The Committee shall, at the applicant's expense, cause a copy of the application and notice of hearing to be delivered or mailed by certified or registered mail, return receipt requested to each Tenant in INNOVATION PARK/TALLAHASSEE and the notice of hearing to be published once in a newspaper of regular and general circulation in Tallahassee and Leon County, in both instances at least fifteen (15) days prior to the date of the hearing. Within fifteen (15) days following the public hearing the Committee shall recommend to the Authority its proposed disposition of the application. The Authority shall act upon the application by majority vote within thirty (30) days

following receipt of the Committee's recommendations and the Authority's decision shall be final and binding. The Authority shall not approve any application for a variance unless it finds that denial of the application would work an undue hardship upon the applicant and that the grant of variance will be in harmony with the general intent and purpose of this Declaration. For this purpose the Authority may condition a grant of variance upon such conditions and safeguards as the Authority deems appropriate.

ARTICLE V.  
PERMITTED LAND USES.

No Site within INNOVATION PARK/TALLAHASSEE shall be used except for research, design, testing, analysis, prototype development, pilot scale production and limited product assembly purposes and for such other purposes, including administrative, professional and support services as the Authority may, in its sole judgment, determine to be an integral part of, related to or derivative of the aforesaid uses. The Authority shall, in its sole discretion, determine whether or not any existing or proposed use of a Site is a permitted use within the meaning and intent of this Declaration. The foregoing iteration of permitted uses shall not, however, preclude the Authority from constructing, owning, operating, maintaining, leasing, or permitting service, commercial, administrative or recreational facilities within INNOVATION PARK/TALLAHASSEE, provided any such facilities are for the primary use, enjoyment and convenience of the Authority or the Tenants of INNOVATION PARK/TALLAHASSEE, their employees, agents and representatives. No use will be permitted of any lands or space within INNOVATION PARK/TALLAHASSEE which fails to comport with the performance standards hereinafter set forth, nor shall any use be permitted which constitutes a nuisance, public or private, or which tends to damage or destroy public or private property, or which denigrates the integrity, or character of the natural features of INNOVATION PARK/TALLAHASSEE. The Authority reserves the right to require that any permitted production or

product assembly operations be confined to specially designated areas within INNOVATION PARK/TALLAHASSEE.

ARTICLE VI.  
PERFORMANCE STANDARDS

The use of all Sites shall conform to such performance standards as the Authority may from time to time prescribe in writing governing noise; smoke and particulate matter; toxic gases, fumes and vapors; vibration; glare and lighting; effluent discharge; the disposal of waste materials; radiation and other matters of environmental concern. The burden of demonstrating compliance with such performance standards shall rest upon the Tenant.

ARTICLE VII.  
SPACE ALLOCATIONS AND DIMENSIONAL STANDARDS

Section 1. Minimum Site Size. No Site shall be established which contains an area of less than two (2) acres nor shall any Site be subdivided into parcels of less than two (2) acres. In no event shall any Site be subdivided without the prior written approval of the Authority. The Authority reserves the right to permit the use and occupation of a single Site by more than one Tenant. The Authority further reserves the right to designate as a Site any area within INNOVATION PARK/TALLAHASSEE equal to or exceeding two (2) acres, whether or not the same be a multiple of two (2) acres.

Section 2. Site Coverage Limitations. The maximum area that may be covered by Buildings and other structures constructed thereon, including but not limited to parking, road, driveway and other impervious surface areas, shall not exceed fifty percent (50%) of the total area of the Site.

Section 3. Setback Restrictions. No Building shall be located on a Site nearer than 100 feet from any building on any adjoining Site. No Building shall be located on any Site nearer than fifty (50) feet from the front or side Site lines or nearer than twenty-five (25) feet from the rear Site line. All accessory Buildings and other improvements shall be located on a Site so as



to permit and preserve a natural vegetative buffer having a depth of at least twenty-five (25) feet along the rear and side Site lines.

Section 4. Height Limitations No Building, structure or other improvement shall be erected, constructed or permitted on any Site having a height above ground level of more than forty-five (45) feet.

ARTICLE VIII.  
PARKING AND LOADING

Section 1. Parking. Offstreet parking spaces sufficient to accommodate the parking demands generated by the use of each Site shall be provided on the Site. No onstreet parking shall be permitted. Offstreet parking areas shall be constructed by the following standards:

(a) Dimensions. Each offstreet parking space shall be at least nine (9) feet in width and at least nineteen (19) feet in depth, exclusive of the area required for access drives or aisles.

(b) Entrance and Exits. Each parking space shall be directly accessible from a street, alley or other public right-of-way or from an adequate access aisle or driveway leading to or from a street, alley or other public right-of-way. All offstreet parking spaces shall be so arranged that no motor vehicle shall have to back into any street or public right-of-way. No entrance or exit driveway shall be permitted any nearer than fifty (50) feet from a street intersection.

(c) Aisle Widths. All offstreet parking areas providing four (4) or more parking spaces shall be constructed with aisle widths having the following minimum dimensions, based upon the angle of the parking stall to the access aisle:

Parking Stall Angle	Aisle Width
30 degrees	11 feet
45 degrees	13 feet
50 degrees	14.5 feet
55 degrees	16 feet
60 degrees	17.5 feet
90 degrees	22 feet



Aisles shall be twenty-two (22) feet in width when not designed to serve a particular parking configuration or when designed to serve parallel parking.

(d) Surface Material and Drainage. All offstreet parking facilities, including access aisles, driveways, and maneuvering areas, shall be surfaced with a hard, dustless material. Such offstreet parking areas shall be suitably sloped and drained and shall be of strength sufficient to accommodate the traffic expected. All parking stalls shall be clearly marked on the paved surface. All offstreet parking shall be set back a minimum of thirty (30) feet from the front Site line and a minimum of twenty-five (25) feet from the side and rear Site lines and shall be screened from view as hereinafter provided. Each Site shall contain paved maneuvering areas sufficient to accommodate maneuvering motor vehicles expected to result from loading, unloading and service operations, giving a clear view from the cab of the vehicle. Driveways and maneuvering areas shall meet the same surface material, maintenance and drainage requirements as are herein imposed on offstreet parking areas. The edge of a driveway apron shall be no closer than fifty (50) feet from the nearest adjacent Site line unless adjacent Site Tenants utilize a common driveway.

Section 2. Loading and Unloading. All loading and unloading operations must be on Site and no onstreet loading and unloading shall be permitted. On Site loading and unloading space shall be provided sufficient to accommodate the expected traffic, and in any event shall conform to the minimum standards required by the Zoning Code of the City of Tallahassee and Leon County, Florida. Loading and unloading areas shall be located to the rear of any Building on the Site, provided the Committee may approve the placement of a loading area at the side of a Building if the same is appropriately screened from view. All truck loading aprons and other loading areas shall be paved with a dustfree,

all-weather surface, shall be suitably sloped and drained, and shall be of strength sufficient for the traffic expected. All loading areas shall have direct access to a street or public right-of-way and shall be so located that they may be used without interfering with the use of streets, parking areas or public right-of-way and shall be so located that they may be used without interfering with the use of streets, parking areas or public rights-of-way. Each loading area shall have at least the following minimum dimensions: Length twenty-five (25) feet, width twelve (12) feet, height fourteen (14) feet

Section 3. All offstreet parking areas, driveway, access areas, maneuvering areas and loading areas shall be included in the plans submitted by the Tenant and shall be subject to the review and approval of the Committee. If future building expansion is contemplated, additional areas shall be appropriately reserved for such future parking, loading and unloading as is anticipated.

Section 4. Easements. The Authority reserves the right to cause the installation and maintenance of utilities, drainage and other facilities for the benefit of the Authority or its Tenants within the front and rear twenty-five (25) feet and within the fifteen (15) feet along each side of each Site. The Authority further reserves the right to grant easements for the installation of utilities, drainage and other facilities for the benefit of the Authority or its Tenants through individual Sites, provided that in so doing the Authority does not cause any damage to existing Buildings or improvements or require a change in any construction plans which the Committee has previously approved. All easements given for the benefit of an individual Site shall be subject to the prior approval of the Committee. All easement areas located within a Site and all improvements in such easement areas shall be continuously maintained by the Tenant of such Site, except for those improvements for which a public authority or utility company is responsible.

ARTICLE IX.  
ARCHITECTURAL AND AESTHETIC STANDARDS.

Section 1. Landscaping. All Buildings and other improvements on any Site shall be placed so that the existing topography and vegetation is disturbed as little as possible and so that the maximum number of desirable trees and natural features is preserved. No tree may be removed or other natural feature altered except with the prior written approval of the Committee. Each Site on which a building is to be placed shall be landscaped in accordance with the plans and specifications submitted to and approved by the Committee. The approved landscaping shall be completed no later than the date upon which the Building is completed or occupied, whichever first occurs. A twenty-five (25) foot landscape strip shall be installed along the front, rear and side Site lines, exclusive of driveways. Within the twenty-five (25) foot landscape strip there shall be planted and maintained trees and other vegetation native, where practicable, to the area providing at least fifty percent (50%) visual opacity. All areas not covered by an impervious surface shall be landscaped, sodded or seeded. All offstreet parking, loading and unloading areas shall be screened from view from other Sites and from public roads, streets, and rights-of-way by the use of earth berms or other landscaping materials. All trees, plants, shrubs and other landscaping materials shall be of varieties that are adaptable to the local soil and climate conditions and shall blend with existing natural growth and be compatible with adjacent landscaped areas. Each Tenant shall maintain all landscaped areas on the Tenant's Site in good condition at all times.

Section 2. Exterior Construction. Finish building materials shall be applied to all sides of any Building which are visible to the general public or to neighboring Sites or Common Areas. Exterior colors shall be compatible with the colors of the natural surroundings and other adjacent Buildings. The approval or



disapproval of the exterior construction materials and colors shall be at the sole discretion of the Committee.

Section 3. Signs. Only identification signs indicating the name and business of the persons or entities occupying the Site shall be permitted. Advertising signs, billboards or other signs are expressly prohibited. Identification signs shall generally be placed on the outside wall or walls of the Building but shall not extend above the line of the roof meeting that wall. With the advance written approval of the Committee, signs may be placed in the front yard landscape strip if constructed and designed to be a part of the landscaping element. Otherwise, no sign in the front yard setback area shall be permitted. Painted signs, signs on the roofs of Buildings, and flashing or moving signs are prohibited. No signs shall be placed or externally illuminated in such a manner as to cast glare on neighboring Sites or in such a manner as to impede the safe movement of traffic. All signs shall be designed, erected, altered, moved and maintained in accordance with plans and specifications submitted to and approved by the Committee in writing.

Section 4. Outdoor Storage. No temporary Building, structure or other improvement shall be permitted on any Site except during the period of construction of the permanent Building and then only with the advance written approval of the Committee. No outside storage shall be permitted within the minimum Building setback areas nor shall any outside storage be permitted in the front yard of any Site. When outdoor storage would otherwise be visible from a public road, street, or right-of-way it must be screened from view by a wall of material similar to and compatible with that of the Building or Buildings on the Site. Garbage and refuse containers shall be concealed and contained within the Building or Buildings on a Site or shall be screened by a screening wall of the kind described above. Unless specifically approved by the Committee in writing, no materials, supplies or equipment shall be stored on any Site except in a closed Building



or behind a screening wall so that such storage areas are not visible from neighboring Sites, Common Areas or public roads, streets or rights-of-way. All proposals for outside or outdoor storage shall be subject to the advance written approval of the Committee.

Section 5. Maintenance. Each Tenant of INNOVATION PARK/TALLAHASSEE shall at all times keep its Site, Buildings and other improvements in a safe, clear, orderly and aesthetically pleasing condition, shall prevent rubbish, waste, trash or garbage of any character whatsoever from accumulating on the Site and shall comply in all respects with all governmental laws, orders, rules and regulations governing safety, health and welfare. The maintenance of individual Sites shall be at the expense of the Tenant to whom the Site has been leased. All landscaping and exterior portions of Buildings and other structures shall be maintained in order to present an attractive appearance. In the event of the Tenant's failure to properly discharge its responsibilities for maintenance, the Authority reserves the right to perform any necessary repairs and maintenance at the expense of the Tenant and the Authority shall have the right of access to the Sites for such purposes.

Section 6. Utilities Placement and Design. All electrical, utility and telephone lines serving the Sites shall be brought underground. Padmounted electrical transformers, heating and air-conditioning units, mechanical meters and storage tanks shall be located in such a manner as not to be visible from any public road, street or right-of-way or from Common Areas or other Sites. If concealment within the Building is not possible then such utility elements shall be concealed by screening. No transformer, electric, gas or other meter of any type or other apparatus shall be hung on the outside of any Building but the same may be placed on or below the surface and when thus placed at ground level shall be adequately screened from view. Perthouses and mechanical equipment screen walls shall be of a design and constructed of

materials similar to and compatible with those of the Building to which they pertain. The placement of power or other utility poles, except temporarily during construction, is expressly prohibited. All exterior lighting shall be designed, erected, altered, moved and maintained in accordance with plans and specifications submitted to and approved in writing by the Committee. It is the declared intention of the Authority that to the extent possible exterior lighting be compatible and harmonious throughout INNOVATION PARK/TALLAHASSEE. Antennae shall be visually masked or screened to the extent possible consistent with appropriate electromagnetic considerations and shall in any event be subject to the prior written approval of the Committee.

#### ARTICLE X.

##### DEVELOPMENT REVIEW COMMITTEE SUBMISSION AND APPROVAL OF PLANS AND CONSTRUCTION.

Section 1. Development Review Committee. There is hereby established a Development Review Committee for INNOVATION PARK/TALLAHASSEE which shall consist of five (5) members, one of whom shall be an architect licensed to practice in the State of Florida and one of whom shall be a representative of the Board of Trustees of the Internal Improvement Trust Fund. The Director of the Authority shall also be a member of the Committee. The members of the Committee shall be appointed by and serve at the pleasure of the Authority and any member may be removed at any time with or without cause by the Authority. One of the members of the Committee shall be elected its chairman. The vote of a majority of the members of the Committee at any meeting shall constitute the action of the Committee on any matter before it, provided, however, that in no event shall a vote of less than three (3) members, either affirmative or negative but not both, constitute acts of the Committee. The Committee shall adopt bylaws, subject to the approval of the Authority, governing the time, place and manner in which the business of the Committee will be conducted.

Section 2. Submission of Plans. No tenant shall commence the construction or alteration of any Building or other

improvement on any Site without the advance written approval of the Committee of the Site use plan and the final plan and specifications for such construction or alteration. The Committee may adopt forms for the submission of such plans. The Tenant's submission to the Committee shall include a Site use plan at a minimum scale of one inch equals twenty (20) feet showing:

(a) The location, size, setback dimensions and floor plans for all proposed Buildings, storage areas and anticipated future expansion areas;

(b) Driveways and curb cuts with an arrow indication of vehicular traffic patterns into and out of Site and to and from all loading berths and parking stalls;

(c) Layout of vehicle parking areas with stalls separately designated as for employees' cars, visitors' cars, Tenant trucks, delivery trucks, and the like. Parking areas for both initial and eventual development of the Site are to be indicated.

(d) The layout of all paved and other impervious surface areas showing the extent and type of paving or coverage and the drainage pattern for all such areas;

(e) All areas to be landscaped with a schematic description of the general type (trees, shrubs, grass, etc.) height and extent of all landscaping including screening, trees and vegetative buffers or barriers;

(f) All proposed outdoor storage areas, and outdoor utility and mechanical equipment, together with the proposals for screening the same from view;

(g) The location and identification of all utilities to serve the Site and any Building or other improvement on the Site, including gas, electricity, telephone, water and sewer;

(h) Building elevations and perspective of Building and Site, showing type of construction, materials and colors;

(i) The proposed location of any special appurtenances, including transformers, antennae, cooling towers, storage tanks, loading docks and the like, whether above or below ground;



(j) Such other information, including streets, Site lines and dimensions, location and description of screening walls, signs, exterior lights, irrigation systems, and such other features, conditions and information as the Committee may deem appropriate.

The Tenant's submission shall contain landscape development plans showing the names of all ground covers, plants, their dimensions, location, quantity, spacings, irrigation, facilities and other landscape construction details, together with specifications describing the work. It shall also include information with sufficient illustration to indicate the size, type of material, color, language and location of any and all identification signs. The Tenant shall submit five (5) copies of the Site use plan and shall secure the approval of the Committee prior to the submission of an application for Building permit. The Committee shall approve, disapprove, or approve with modifications or conditions the Site use plan within thirty (30) days of its submission. The Tenant shall also submit two (2) copies of the final plans and specifications to the Committee for its review and approval. The commencement of construction shall proceed only after approval of the Tenant's final plans and specifications, and issuance of the appropriate Building permit or permits by the County of Leon. The Authority may conduct inspections of the Site during the period of construction for the purpose of monitoring the same and determining compliance with the approved Site use plan and final plans and specifications. The Committee's failure either to approve, disapprove, or approve with modifications or conditions any Site use plan or final plans and specifications submitted by a Tenant within thirty (30) days of the date of submission shall constitute approval of said plans by the Committee. The Tenant shall commence construction within six (6) months from the date of the Committee's approval of the final plans and specifications, unless a later commencement construction date is approved by the Authority in writing and the Tenant shall



prosecute construction diligently to completion, subject only to strikes, war, acts of God, and other causes beyond the Tenant's control.

In all decisions regarding the acceptability of a Site use plan or of final plans and specifications, or of any element thereof, the determination of the Committee shall be final, conclusive and binding on all parties. Neither the Committee, the Authority, nor any member, employee, agent or representative thereof, shall be liable to any Tenant, to any party submitting plans for approval, nor to any other party by reason of any judgment, decision or determination arising out of or in connection with the approval, disapproval, or failure to act on any such plans and each Tenant does, by the acceptance of a lease of land within INNOVATION PARK/TALLAHASSEE subject to this Declaration, agree and covenant not to make any claim or demand or bring any action, for damages or otherwise, against the Committee, the Authority, or any member, employee, agent or representative thereof, for any act or omission in the course of the Committee's operations.

#### ARTICLE XI.

##### AMENDMENT AND SEVERABILITY


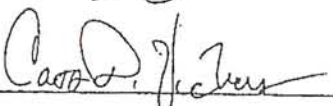
Section 1. Amendment. This Declaration may be amended by the Authority from time to time, with the written approval of the Board of Trustees of the Internal Improvement Trust Fund, upon the giving of advance notice and the holding of a public hearing in the manner prescribed for acting upon variance applications in Article III, Section 4 of this Declaration.

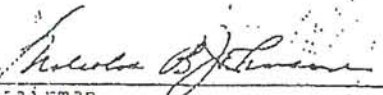
Section 2. Severability. The provisions of this Declaration shall be deemed severable. Should any provision of this Declaration be declared unconstitutional, invalid or unenforceable by a court of competent jurisdiction, the decision shall not affect the validity of this Declaration and the provisions hereof shall otherwise remain and continue in full force and effect.

IN WITNESS WHEREOF, the Leon County Research and Development Authority has caused this Declaration of Protective Covenants and Restrictions to be duly executed this 10th day of February, 1981.

Signed, sealed and delivered in the presence of:

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY


  


By:   
Chairman

STATE OF FLORIDA

COUNTY OF LEON

The foregoing instrument was acknowledged before me this 10th day of February, 1981, by Malcolm B. Johnson as Chairman of the LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY, a local governmental body, corporate and politic, on behalf of said corporation.

  
NOTARY PUBLIC

My commission expires:  
Notary Public, State of Florida at Large  
My Commission Expires Sept. 13, 1981  
Issued by American Fico & Country Company

This instrument was prepared by  
CARL D. JOHNSON  
11 S. Knott's Valley, S. Hart  
P. O. Box 1876  
Tallahassee, Florida 32302

EXHIBIT A

Begin at an old concrete monument marking the Southwest corner of the East half of the Northwest quarter of Section 3, Township 1 South, Range 1 West, Leon County, Florida, and run North 00 degrees 25 minutes 51 seconds West along the West boundary of the East half of the Northwest quarter of said Section 3 a distance of 662.86 feet to the Southerly right of way boundary of Roberts Avenue, thence run South 82 degrees 06 minutes 50 seconds East along said Southerly right of way boundary of Roberts Avenue 2431.02 feet to the Easterly boundary of a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 2172.37 feet, thence run North 88 degrees 41 minutes 49 seconds West 40.26 feet, thence run South 01 degrees 18 minutes 11 seconds West 44.00 feet, thence run South 88 degrees 41 minutes 49 seconds East 39.34 feet to said Easterly boundary of a powerline easement, thence run South 01 degrees 50 minutes 55 seconds West along said Easterly boundary of a powerline easement 172.26 feet, thence run North 86 degrees 27 minutes 46 seconds West along the Southerly boundary of said powerline easement and a projection thereof 1879.32 feet, thence run South 88 degrees 54 minutes 57 seconds West along said Southerly boundary of a powerline easement 2069.65 feet to a concrete monument on the West side of a ditch, thence run Northerly along the West side of said ditch as follows:  
North 15 degrees 45 minutes 28 seconds East 240.68 feet, thence North 10 degrees 56 minutes 35 seconds East 173.77 feet, thence North 01 degrees 10 minutes 11 seconds East 399.58 feet, thence North 00 degrees 56 minutes 36 seconds West 203.45 feet, thence North 27 degrees 41 minutes 18 seconds West 407.50 feet, thence North 10 degrees 13 minutes 03 seconds West 221.38 feet, thence North 01 degrees 29 minutes 20 seconds West 397.40 feet to a concrete monument, thence leaving said West bank of a ditch run North 89 degrees 59 minutes 41 seconds East 434.95 feet to an old terra cotta monument marking the Southwest corner of the Southwest quarter of the Northwest quarter of said Section 3, thence run North 89 degrees 59 minutes 41 seconds East along the South boundary of the Northwest quarter of said Section 3 a distance of 1319.87 feet to the Point of Beginning, containing 207.92 acres, more or less.  
The above described property being subject to a powerline easement recorded in Deed Book 30, Page 262 of the Public Records of Leon County, Florida.



## ADDENDUM 2

LEASE NUMBER: 420:0414

**Related to Section XVII Taxes and Insurance:** (1) The Lessee has advised the Department of Insurance that this lease requires the Lessee to have fire insurance and other hazards included under the State Insurance Plan for the facility and the Lessee will be responsible for all insurance applicable in accordance with Chapter 284, Part I, Florida Statutes. The Lessee agrees to replace, repair and restore, at Lessee's cost and expense, any and all damage to or destruction of the Building, or any portion thereof caused by fire, casualty, windstorm or other hazard outside the control of the Lessee, and this lease shall not terminate as a result of such damage or destruction.

**Related to Section XIX Use of Premises:** It is recognized that the lease facility is a publicly-owned building in accordance with the meaning set forth in the code under Section 159.701, Florida Statutes. The Lessee and any assignees or Sub-lessee shall use the demised premises only for the purposes(s) enumerated in Chapter 159, Parts II and V, Florida Statutes, as the same may be amended from time to time, and for no other purpose. The Lessee and any assignees or Sub-lessee will not make or suffer any unlawful, improper, or offensive use of the demised premises or any use or occupancy thereof contrary to the laws of the State of Florida or to such ordinances of the city and/or county in which the demised premises are located, or any limitations in any recorded restrictions against the demised premises. The Lessee and any assignees or Sub-lessee shall not maintain or permit any nuisance in or upon the demised premises, and shall not cause or permit the waste or deterioration of the demised premises or any part thereof, ordinary wear and tear excepted. The Lessee's and any assignees or Sub-lessee's use and occupancy of the demised premises is expressly subject to the Protective Covenants of Innovation Park/Tallahassee dated February 10, 1981, recorded February 10, 1981, in Official Records Book 984, Page 2269, Public Records of Leon County, Florida (the Covenants), which Covenants are attached as Addendum J and are made a part hereof by reference and any violation of the Covenants shall be a default by the Lessee under this Agreement. The Lessee hereby acknowledges that the Lessor has delivered a copy of the Covenants to the Lessee.

### LESSEE

State of Florida  
Department of Agriculture and Consumer  
Services

By: 

MIKE GRESHAM  
DIRECTOR OF ADMINISTRATION

Date June 11, 2007

### LESSOR

Leon County  
Research and Development Authority

By: 

THOMAS A. BARRON  
CHAIRMAN

Date 6/8/07



**TAB 11**



DEPARTMENT OF MANAGEMENT  
**SERVICES**

SEP 26 2007

Governor Charlie Crist  
Secretary Linda H. South  
Division of Real Estate Development  
and Management  
Suite 315, Building 4050  
4050 Esplanade Way  
Tallahassee, Florida 32399-0950  
850.488.6680: TEL  
850.488.6687: FAX  
<http://dms.myflorida.com>

Ms. Kristin Smith  
Manager, Facilities Management and Leasing  
Support Services Office  
Department of Transportation  
605 Suwannee Street, Mail Station 63  
Tallahassee, Florida 32399-0450

Re. Lease Number: 550:0346  
Division: Design  
Location: Tallahassee  
Lessor: Leon county Research and Development Authority

Monthly Rental: 10/01/07 - 09/30/22 \$10,719.57

Dear Ms. Smith:

The above referenced Lease Modification has been approved by the Department of Management Services and Transmitted to you for your file and distribution to the Lessor.

Sincerely,

Randall C. Baker  
Chief Real Property Administrator

RCB/grt



STATE OF FLORIDA

DEPARTMENT OF MANAGEMENT SERVICES  
AGREEMENT FOR MODIFICATION TO CHANGE  
EFFECTIVE DATE AND EXTEND THE TERM

LEASE NO. 550-0346  
MODIFICATION NO. 1

WHEREAS, the Department of Transportation, as Lessee, has previously entered into Lease Number 55:0346, on April 20, 2007 effective 6/1/2007, which now terminates on 5/31/22; the current Lessor being Leon County Research and Development Authority; and

WHEREAS, the description of the current leased premises is:

Entire building and land located within a 5.28 acre tract known as Innovation Park, 2007 West Paul Dirac Drive, Tallahassee, Florida 32310

; and

WHEREAS, both the Lessor and the Lessee wish to amend the lease to change the effective date, and extend the term of the lease effective October 1, 2007.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto hereby agree as follows:

1. Commencing 10/1/07, the lease is amended to change the effective date to the 1 day of October, 2007; as shown on the revised rent rate schedule addendum attached.
2. Commencing 10/1/07, the term of the lease shall be extended to and including the 30 day of September, 2022; as shown on the revised rent rate schedule addendum attached.
3. The covenants and conditions contained in the original lease as amended hereby are readopted and incorporated herein.

IN WITNESS WHEREOF, the parties hereto have hereunto executed this instrument for the purpose herein expressed, this 1 day of OCT, 2007.

ANY MODIFICATION OF A LEASE AGREEMENT SHALL NOT BECOME LEGALLY EFFECTIVE UNTIL APPROVED/ACCEPTED BY THE DEPARTMENT OF MANAGEMENT SERVICES.

ORIGINAL SIGNATURES REQUESTED ON ALL COPIES

<p>Signed, sealed and delivered in the presence of:</p> <p>Witness Signature _____</p> <p>Print or Type Name of Witness _____</p> <p>Witness Signature _____</p> <p>Print or Type Name of Witness _____</p> <p><b>AS TO LESSOR</b></p>		<p>Lessor, if INDIVIDUAL (s): _____ (SEAL)</p> <p>_____ (SEAL)</p> <p>Print or Type Name _____</p> <p>Print or Type Name _____</p>
<p>Signed, sealed and delivered in the presence of:</p> <p>Witness Signature <u>[Signature]</u></p> <p>Print or Type Name of Witness <u>[Signature]</u></p> <p>Witness Signature <u>[Signature]</u></p> <p>Print or Type Name of Witness <u>[Signature]</u></p> <p><b>As to President, General Partner, Trustee</b></p>		<p>Name of Corporation, Partnership, Trust, etc.: Leon County Research and Development Authority</p> <p>By: <u>[Signature]</u> (SEAL) Its President, General Partnership, Trustee, Chairman</p> <p>ATTEST: <u>[Signature]</u> (SEAL) Its Secretary</p>
<p>Signed, sealed and delivered in the presence of:</p> <p>Witness Signature <u>[Signature]</u></p> <p>Print or Type Name of Witness <u>[Signature]</u></p> <p>Witness Signature <u>[Signature]</u></p> <p>Print or Type Name of Witness <u>[Signature]</u></p> <p><b>AS TO LESSEE</b></p>		<p>LESSEE: STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION</p> <p>By: <u>[Signature]</u></p> <p><u>Ruth B. Dillard</u> Print or Type Name</p> <p><u>Director of Administration</u> Print or Type Title</p>
<p>APPROVED AS TO CONDITIONS AND NEED THEREFORE DEPARTMENT OF MANAGEMENT SERVICES</p> <p><u>[Signature]</u></p> <p>Chief, Division of Real Estate Development and Management</p> <p><u>[Signature]</u> Director Division of Real Estate Development and Management</p> <p>APPROVAL DATE: <u>9-25-07</u></p>	<p>Approved As to Form and Legality, Subject Only To Full and Proper Execution by the Parties</p> <p>General Counsel Department of management services</p> <p>By: <u>[Signature]</u></p> <p>Print or Type Name _____</p> <p>APPROVAL DATE: <u>9-25-07</u></p>	<p>Approved As to Form and Legality, Subject Only To Full and Proper Execution by the Parties</p> <p>General Counsel Department of Transportation</p> <p>By: <u>[Signature]</u></p> <p><u>[Signature]</u> Print or Type Name _____</p> <p>APPROVAL DATE: <u>9-17-07</u></p>



**MONTHLY RENTAL RATE SCHEDULE**

**Lease Number: 550-0346**

**Rate Attachment**

**TERM**

**AMOUNT PER SQ.FT.**

**MONTHLY RENTAL**

Fifteen Year  
10/01/07 - 09/30/22

\$8.773946

\$10,719.57  
Ten thousand seven hundred  
nineteen dollars and fifty-seven cents

Five Year Renewal Period

10/01/22 – 09/30/27

\$2.00 per square foot plus common area fees and maintenance